GoldenPower®

Golden Power Group Holdings Limited
金力集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8038

2015
ANNUAL
REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Chu King Tien
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

COMPANY SECRETARY

Mr. Tse Kar Keung

AUDIT COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

REMUNERATION COMMITTEE

Mr. Hui Kwok Wah *(Chairman)*
Mr. Chu King Tien
Mr. Ma Sai Yam

NOMINATION COMMITTEE

Mr. Chu King Tien *(Chairman)*
Mr. Hui Kwok Wah
Mr. Ma Sai Yam

AUTHORISED REPRESENTATIVES

Ms. Chu Shuk Ching
Mr. Tse Kar Keung

COMPLIANCE OFFICER

Ms. Chu Shuk Ching

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
Industrial and Commercial Bank of China Limited

AUDITOR

PKF Hong Kong

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS IN HONG KONG

Flat C, 20/F, Block 1
Tai Ping Industrial Centre
57 Ting Kok Road, Tai Po
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

COMPANY WEBSITE

www.goldenpower.com

Chairman's Statement

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Golden Power Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), it is my pleasure and honor to present the Group's annual results for the financial year ended 31 December 2015 (the "**Year**").

The year of 2015 is strategically significant to the Group. The successful listing of the Company on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 June 2015 is an important milestone in the development of the Group. Significant portion of the capital raised from the placement of the shares of the Company (the "**Shares**") on GEM has been used to repay three bank loan facilities which were used for the Group's trade payables. The Board believes that the listing will enhance our corporate profile and the net proceeds from the listing will strengthen our financial position and will enable us to implement our business plans as set out in our prospectus dated 29 May 2015 (the "**Prospectus**"). Furthermore, a public listing status on the Stock Exchange has given us access to the capital market for corporate finance exercise which will assist the Group in its future business development, enhances its corporate profile and strengthens its competitiveness.

RESULTS AND DIVIDEND

Revenue for the Year has dropped by 19.04% to approximately HK$311.50 million from approximately HK$384.75 million in the financial year ended 31 December 2014 (the "**Last Year**"). Profit attributable to the shareholders of the Company was approximately HK$3.40 million compared with a profit of approximately HK$11.69 million in the Last Year. Earnings per share were HK$2.50 cents, as compared with the earnings per share of HK$11.24 cents for the Last Year.

REVIEW AND OUTLOOK

2015 was a challenging year to the Group. During the Year, the Group has been facing the challenge of slowdown of demand in Europe and the People's Republic of China (the "**PRC**"). Further, US dollar remained strong which discouraged the European customers from actively placing orders in the second half of 2015. However, following the prohibition of the marketing of button cells with a mercury content exceeding 0.0005% by weight under the directive of 2006/66/EC, and the new directive of the European Union (2013/56/EU) which took effect in October 2015, we believe the business of the Group on micro-button cells will benefit from this in 2016 because we can produce mercury-free micro-button cells by making use of our PRC invention patent. This invention patent is also registered in Hong Kong. In the future, we shall continue to innovate our production processes and products to meet the international standards.

During the Year, the Group has continued putting efforts on the disposable batteries production. We believe that the demand from our OEM customers for disposable batteries will grow steadily as the market demand for the same is generally increasing. The Group will continue to put efforts in improving the product performance and broadening our private label customer base in 2016. We will also strive to expand our product portfolio and to improve the quality, reliability and durability of our products.

FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency. A production line has been acquired in 2015 for producing mercury-free, cadmium-free and lead-free AA carbon cylindrical batteries with an annual designed production capacity of 276.76 million units, which has an annual designed production capacity of 103.78 million units more than the existing leased production line for AA carbon cylindrical batteries. We expect the new production line to commence commercial production in around the third quarter of 2016. The Group will continue to lease such production line until the new production line commences commercial production. The delay against our original plan to commence production in February 2016 was due to the technical issue on quality control enhancement which affected the installation progress.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the shareholders, business associates and other professional parties for their continuous support to the Group throughout the year.

Chu King Tien
Chairman and Executive Director

Hong Kong, 18 March 2016

Management Discussion and Analysis

BUSINESS REVIEW

The Company's shares (the "**Shares**") were successfully listed on GEM of the Stock Exchange (the "**Listing**") on 5 June 2015 (the "**Listing Date**").

The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets both under its own brand "Golden Power" and the brands of its private label and OEM customers. The products are mainly categorised into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are categorised into two sub-segments, namely (i) cylindrical batteries; and (ii) micro-button cells. Other battery-related products include battery chargers, battery power packs and electric fans.

The revenue of cylindrical batteries for the Year dropped by approximately HK$77.83 million from approximately HK$288.91 million for the Last Year to approximately HK$211.08 million for the Year, which was equivalent to 26.94% decrease in revenue of cylindrical batteries. Such drop in revenue was mainly due to a slowdown of the demand in Europe and the PRC during the Year.

The revenue of micro-button cells for the Year increased by approximately HK$7.34 million from approximately HK$77.28 million for the Last Year to approximately HK$84.62 million for the Year which was equivalent to 9.50% increase in revenue of micro-button cells. The increase was mainly generated from the sale of alkaline micro-button cells. The revenue of rechargeable batteries and other batteries-related products for the Year decreased by approximately HK$2.76 million from approximately HK$18.56 million for the Last Year to approximately HK$15.80 million for the Year which was equivalent to 14.87% decrease in revenue of rechargeable batteries and other batteries-related products.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business strategies and objectives as stated in the Prospectus	Actual progress up to 31 December 2015
Expand our production capacity by acquiring a production line with higher designed production capacity and which is able to produce mercury-free, cadmium free and lead free batteries to increase our market share	The Group has acquired a production line in 2015 and it is expected that the commercial production will commence in around the third quarter of 2016.
Continue to expand and diversify the product portfolio to capture market opportunities and meet consumer needs	The Group has been exploring opportunities for expansion and diversification of its product portfolio.
Explore new sales platform	The Group has been exploring new sales platform.

FINANCIAL REVIEW

Revenue

Revenue for the Year was approximately HK$311.50 million, representing a decrease of 19.04% as compared with the Last Year (2014: approximately HK$384.75 million). Such decrease was primarily attributable to the net effect of (i) a slowing down of demand in Europe and the PRC causing the decrease of revenue of cylindrical batteries and rechargeable batteries and other batteries-related products; and (ii) the increase in revenue of micro-button cells during the Year.

Revenue for the six months ended 31 December 2015 was approximately HK$162.15, representing an increase of 8.57% as compared with that of approximately HK$149.35 million for the six months ended 30 June 2015 as disclosed in the interim results announcement and interim report of the Group for the six months ended 30 June 2015. The increase was mainly due to the fact that the Group's business is subject to seasonality.

As disclosed in the Prospectus under the section headed "Risks Factors", during the track record period as mentioned thereunder, the Group recorded relatively lower revenue in the first quarter of each year and the revenue generated during the month of Chinese New Year was significantly lower than the average.

The following table sets out the breakdown of the Group's revenue by geographical locations:-

	2015 HK$'000	2014 HK$'000
The PRC	**89,167**	131,420
Hong Kong	**71,492**	58,169
Asia (except the PRC and Hong Kong)	**25,967**	25,233
Europe	**37,175**	73,240
Eastern Europe	**9,474**	14,408
North America	**22,143**	32,258
South America	**17,160**	16,808
Australia	**33,969**	30,238
Africa	**3,050**	2,580
Middle East	**1,903**	398
	311,500	384,752

The following table sets out breakdown of the Group's revenue by products:-

	2015 HK$'000	2014 HK$'000
Cylindrical batteries	**211,077**	288,913
Micro-button cells	**84,622**	77,284
Rechargeable batteries and other battery-related products	**15,801**	18,555
	311,500	384,752

Gross Profit

The Group recorded a gross profit for the Year of approximately HK$76.45 million (2014: approximately HK$88.31 million), representing a decrease of 13.43% as compared to the Last Year which was mainly due to decrease in revenue of approximately 19.04%.

Expenses

During the Year, the selling expenses of the Group has dropped by 11.68% to approximately HK$12.48 million as compared to approximately HK$14.13 million in the Last Year. The drop was mainly due to the decrease of the distribution and other import and export handling costs. The Group's general and administrative expenses increased by approximately HK$0.89 million to approximately HK$55.03 million as compared to approximately HK$54.14 million for the Last Year. The general and administrative expenses included listing expenses of approximately HK$11.14 million for the Year as compared to the listing expenses of approximately HK$7.99 million for the Last Year. The increase in general and administrative expenses was mainly due to an increase in the listing expense of approximately HK$3.15 million and a donation of approximately HK$0.65 million made in the Year, which was partially offset by the decrease in depreciation of approximately HK$0.48 million, bank charges of approximately HK$0.37 million, travelling cost of approximately HK$0.38 million and staff cost of approximately HK$1.08 million.

Finance Costs

The finance costs of the Group has dropped by 17.65% to approximately HK$5.88 million as compared to approximately HK$7.14 million in the Last Year. The drop was mainly due to the savings in interest costs on bank loan facilities after the repayment of the relevant loans using the net proceeds from the Listing.

Income Tax

The income tax expense of the Group has dropped by 23% to approximately HK$3.95 million in the Year as compared to approximately HK$5.13 million in the Last Year. The savings was mainly generated from the reduction in the Hong Kong profits tax provision for the Year.

Profit attributable to the shareholders of the Company

Profit attributable to shareholders of the Company for the Year was approximately HK$3.40 million (2014: approximately HK$11.69 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with respect to the Group's assets. No investment other than cash is currently used.

The cash and bank balances was approximately HK$7.75 million higher than the Last Year, which was mainly benefit from the net proceeds raised from the Listing after the repayment of borrowings.

At 31 December 2015, the Group has utilised banking facilities of approximately HK$95.68 million which was equivalent to 52% of the total banking facilities available in the Year as compared with the utilised amount of approximately HK$156.34 million in the Last Year which was equivalent to 68% of the total banking facilities available in the Last Year, representing a decrease of 16% in total utilisation amount. The Directors believed that the existing banking facilities are in safety level to support the Group's operating needs.

CHARGES ON ASSETS

At 31 December 2015, the Group's bank borrowing facilities were secured by the Group's plant and office building with net book value of approximately HK$41.42 million and approximately HK$44.73 million as at 31 December 2015 and 2014, respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi or US dollars. Each of the Group's operating entities borrows in local currencies (Hong Kong dollars for the Hong Kong entities, Renminbi for the PRC entities) and US dollars where necessary in order to minimise currency risk.

At 31 December 2015, the Group did not have any foreign currency investments which have been hedged by currency borrowing and other hedging instruments.

FINANCIAL KEY PERFORMANCE INDICATORS

	2015	2014
Gross profit margin	**24.54%**	22.95%
Net profit margin	**1.09%**	3.04%
Gearing ratio	**0.97**	4.92

Gross Profit Margin

The gross profit margin increased by 1.59% from 22.95% in the Last Year to 24.54% in the Year. It was mainly due to improvement in control on the labour cost and production overhead throughout the Year.

Net Profit Margin

The net profit margin decreased by 1.95% to 1.09% in the Year as compared to 3.04% in the Last Year. Such reduction was mainly due to the recognition of the one-off listing expenses during the Year.

Gearing Ratio

The gearing ratio decreased by 3.95 to 0.97 for the Year as compared to 4.92 in the Last Year. The improvement was mainly the result of using the net proceeds from the Listing to repay the short term borrowings during the Year.

CONTINGENT LIABILITIES

At 31 December 2015, the Group did not have any material contingent liabilities.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing Date. The capital structure of the Group consists of bank borrowings net of bank balances and cash, and equity attributable to shareholders of the Group which comprising issued share capital and reserves. The issued share capital of the Group comprises ordinary shares only. Total equity of the Group amounted to approximately HK$115.13 million as at 31 December 2015 (2014: approximately HK$35.02 million).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2014: HK$2 million).

CAPITAL COMMITMENT

At 31 December 2015, the Group does not have any significant capital commitment.

SIGNIFICANT INVESTMENTS HELD

Except for investments in subsidiaries, the Group did not hold any significant investment as at 31 December 2015.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the Prospectus or this report , there was no specific plan for material investment or capital asset as at 31 December 2015.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures of the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties faced by the Group, which may materially adversely affect its business, financial condition or results of operations:-

The Group has no long-term sales contracts with most of the major customers. If the business relationships with the major customers deteriorates or if any of the major customers reduces substantially its purchases from the Group or terminates its business relationship with the Group entirely, the business, results of operations and financial condition may be adversely affected.

The demand for disposable batteries in general and alkaline cylindrical batteries depends on the need for such disposable batteries to operate various electronic devices, the demand for which is in turn affected by technological advances and consumer preferences. Further, technological advances and increasing environmental awareness may cause consumer demand to shift from alkaline cylindrical batteries to other disposable batteries, from disposable batteries to rechargeable batteries as a substitute or even to other forms of electronic products or energy which do not require the use of batteries.

The Group's revenue was denominated in Renminbi, Hong Kong dollars and US dollars and the cost of sales was primarily denominated in Renminbi and the remaining denominated in Hong Kong dollars, US dollars and Euros. The value of Renminbi against Hong Kong dollars and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in the PRC.

The Group's business is subject to seasonality, so that the first quarter of a year may record relatively lower revenue. In particular, the revenue generated during the month of Chinese New Year may be significantly lower than the average revenue generated during a year.

The Group manufacture some of the products on a made-to-stock basis (that is the Group manufactures before the customers place orders with it) with reference to the sales forecast prepared in the light of the customers' historical buying pattern, particularly batteries to be sold to the customers under the Group's branded business which adopt its original design and specifications. If the sales forecast turns out to be inaccurate and the customers do not place orders with the Group in the volumes as expected, the products produced may not be absorbed by other customers, and the Group's business, results of operations and financial condition may be adversely affected.

For more details about the general risks and uncertainties in relation to the Group, please refer to the Prospectus.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Group has been looking for new opportunities and build up good relationships with its customers so as to accelerate the growth momentum. To retain the existing customers, the Group will provide the technical updates on the products development to cater to the customer needs. The Group has successfully maintained relationships with a number of customers for more than five years, including the Group's major customers.

The Group select its suppliers and subcontractors according to the internal quality evaluation system and maintain a list of approved suppliers and subcontractors from time to time. For the purpose of maintaining the quality of the products, the Group only purchase raw materials and trading products from approved suppliers and outsource its packaging, electroplating and printing processes to the approved subcontractors.

The Group generally does not enter into long-term procurement contracts with its suppliers in order to maintain flexibility in being able to source raw materials at a competitive price. Its major suppliers include supplies of raw materials and packaging materials. The Group has established an average of more than five years of business relationship with a majority of its major suppliers.

The Group subcontracted some of its packaging electroplating and printing processes to independent subcontractors. As at the end of the Year, it had nine subcontractors and established an average of two years of business relationship with its subcontractors. The Group generally does not enter into long-term procurement contracts with its subcontractors for electroplating and printing processes. It entered into master subcontracting agreements with its subcontractors for packaging with a term ranging from 2 months to 14 months.

EMPLOYEES AND REMUNERATION POLICY

The Directors believe that the quality of the employees is an important factor in sustaining the Group's growth and improving its profitability. The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salary and mandatory provident fund, staff benefits include medical coverage scheme and the share option scheme.

As at 31 December 2015, the Group had a total of 530 employees (2014: 714 employees). The Group's staff costs, including Directors' emoluments, amounted to approximately HK$45.07 million in the Year (2014: approximately HK$48.07 million). Directors' remuneration for the Year amounted to approximately HK$4.93 million (2014: approximately HK$4.35 million) which included remuneration of the independent non-executive Directors for a total amount of approximately HK$0.24 million (2014: HK$Nil).

ENVIRONMENTAL POLICIES

The Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous waste. A summary of the environmental protection laws and regulations applicable to the Group is set out in the section headed "Regulatory Overview" of the Prospectus.

To ensure compliance with the applicable environmental regulations and laws, the Group has entered into several service contracts with professional waste disposal service companies for the disposal of hazardous waste produced in the Group's production process. These professional waste disposal service companies have obtained operation permits of hazardous waste for the disposal of hazardous waste listed in the national catalogue of hazardous waste. They have also obtained operation permits of road transport for the transportation of hazardous waste or have entrusted qualified transportation service companies to carry out the transportation of hazardous waste according to law.

Prior to entering into waste disposal service agreements with the waste disposal service companies, the Group generally requires them to provide copies of the relevant permits, which would be checked against the originals and attached as appendices to the relevant agreements. The Group also conduct regular review of the validity and renewal status of such permits held by the waste disposal service companies engaged by the Group.

The Group has also appointed Mr. Liang Tao, the general manager of 江門金鋼電源製品有限公司 (Goldtium (Jiangmen) Energy Products Company Limited*) ("**Goldtium Energy**"), an indirect wholly-owned subsidiary of the Company, and one of the senior management members, to supervise and monitor compliance with statutory regulations and out internal standard in respect of environmental matters.

* *For identification purpose only.*

USE OF PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting related expenses, amounted to approximately HK$40.16 million. After the Listing, the net proceeds have been applied in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing as at 31 December 2015 is set out below:-

	Planned use of the net proceeds as stated in the Prospectus up to 31 December 2015	**Actual use of the net proceeds up to 31 December 2015**
	HK$'million	HK$'million
Repayment of bank loan	36.14	36.14
General working capital	4.02	4.02
	40.16	40.16

FUTURE DEVELOPMENT

The Group will continue to invest in its production lines in order to enhance the production capacity and efficiency. A production line has been acquired in 2015 for producing mercury-free, cadmium-free and lead-free AA carbon cylindrical batteries with an annual designed production capacity of 276.76 million units, which has an annual designed production capacity of 103.78 million units more than the existing leased production line for AA carbon cylindrical batteries. The Group expects the new production line to commence commercial production in around the third quarter of 2016. The Group will continue to lease such production line until the new production line commences commercial production. The delay against the original plan to commence production in February 2016 was due to the technical issue on quality control enhancement which affected the installation progress.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chu King Tien, aged 61, an executive Director and chairman of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as the executive Director and chairman of the Group since 1 April 2013. He is responsible for the overall corporate development and strategic planning of the Group. Mr. Chu has extensive experience in the disposable battery industry and has been engaged in such business for over 40 years.

In January 1983, Mr. Chu became a director of Golden Power Industries Limited ("**Golden Power Industries**"), an indirect wholly-owned subsidiary of the Company, and has been holding the position since then. From May 1993 to April 2000, Mr. Chu had been the executive director of China Oil and Gas Group Limited, the holding company of Golden Power Industries at the time, which was listed on the Stock Exchange, and was mainly responsible for assisting in corporate planning, marketing and overall administration. In July 2003, Mr. Chu, together with an independent third party, acquired Golden Power Investments (B.V.I.) Limited and its subsidiaries at that time through Golden Villa Ltd. ("**Golden Villa**"). In April 2005, Mr. Chu was appointed as the chairman and managing director of Golden Power Corporation (Hong Kong) Limited ("**Golden Power Corporation**"), an indirect wholly-owned subsidiary of the Company and has been holding the positions since then.

Mr. Chu and Golden Villa, which is wholly-owned by Mr. Chu, are the controlling shareholders (as defined under the GEM Listing Rules) of the Company. Mr. Chu also serves as a director of all the subsidiaries of the Group. Mr. Chu is the father of Mr. Chu Ho Wa, an executive Director of the Company.

Ms. Chu Shuk Ching, aged 53, an executive Director and chief executive officer of the Group, was appointed as a Director on 7 June 2012, the date of incorporation of the Company, and has been serving as an executive Director and the chief executive officer of the Group since 1 April 2013. She is responsible for the overall management, administration and implementation of policy of the Group. Ms. Chu has been engaging in the disposable battery industry for over 28 years.

Ms. Chu graduated from the York University in Canada with a bachelor degree of Administration Studies in 1985. Ms. Chu had served as the general manager of Golden Power Industries from March 2000 to March 2005 and she has become a director of Golden Power Industries since July 2003. Ms. Chu has also become the director and general manager of Golden Power Corporation since April 2005.

Ms. Chu is currently the director of eleven subsidiaries of the Group, namely Best Kind Holdings Limited, Golden Power Corporation, Gain Smart Limited, Giant Moral Limited, Golden Power Industries, Champ Profit Development Limited, Big Power Limited, Golden Pilot Limited, Pointway Corporation Limited, Ample Top Enterprises Limited and Golden Power Properties Limited. She is also the younger sister of Ms. Chu Suk Man, the deputy general manager of Golden Power Corporation.

Mr. Tang Chi Him, aged 44, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the general manager of the Group. He is mainly responsible for overseeing the overall management of the Group's production facilities located in Dongguan and Jiangmen and administrating the manufacturing operations of the production facility in Dongguan.

Mr. Tang graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1994 with a higher diploma in manufacturing engineering. He further acquired a bachelor degree of manufacturing engineering in 1999 and a master of science in engineering management in 2005 from the City University of Hong Kong. Mr. Tang joined Golden Power Industries in 1995 as an engineer and assistant superintendent. He left the Group in 2000 and rejoined Golden Power Industries in 2005 as a manager and was later transferred and become the general manager of Golden Power Corporation since 2012.

Mr. Chu Ho Wa, aged 31, an executive Director, has been serving as an executive Director since 1 April 2013 and is also the marketing manager and corporate business development manager of the Group, who is mainly responsible for developing and implementing the strategic sales and marketing plans, looking for new marketing opportunities and liaising with existing customers.

Mr. Chu acquired the bachelor of science degrees in Mathematics and Chemistry from the Imperial College of Science, Technology and Medicine of the University of London in the United Kingdom in 2006 and 2009, respectively. Mr. Chu joined the Group in 2009 as an assistant to director in Golden Power Corporation and had been its senior marketing executive from 2011 to 2014 and a manager of its corporate business development department since 2013.

Mr. Chu Ho Wa is the son of Mr. Chu King Tien.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Kwok Wah, aged 43, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015, and serves as the chairman of the audit committee and remuneration committee of the Company. He is responsible for giving independent advice to the Group. Mr. Hui has extensive experience in the accountancy field and has been engaging in such profession for over 18 years.

Mr. Hui obtained a bachelor of arts degree in accountancy from the City University of Hong Kong in 1996. After graduation, Mr. Hui worked with international accounting firms, including Moores Rowland and KPMG. He founded Kenny K. W. Hui & Co., CPA in May 2013 and has been its sole proprietor since then.

Mr. Hui is a member of the Hong Kong Institute of Certified Public Accountants since 2000 and has been a practicing member since May 2013. Being a certified tax adviser, Mr. Hui is also a fellow member of the Taxation Institute of Hong Kong since 2010.

Mr. Ma Sai Yam, aged 52, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Ma has extensive experience in the legal field and has been engaging in such profession for over 17 years.

Mr. Ma obtained a bachelor of science degree in economics from the University of London in the United Kingdom as an external student in 1991. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong and a master degree in laws from Renmin University of China in the PRC in 2012.

Mr. Ma was admitted to practise law as a solicitor in Hong Kong in 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma founded Messers. Ma Tang & Co. and has been its partner since then.

Mr. Chow Chun Hin Leslie, aged 32, an independent non-executive Director, was appointed as an independent non-executive Director on 15 May 2015. He is responsible for giving independent advice to the Group. Mr. Chow has extensive experience in financial advising and has been engaging in such profession for over 9 years.

Mr. Chow graduated from the University of California in the United States in 2005 with a bachelor of arts degree in business economics. Mr. Chow is currently the chief financial officer in Takung Art Company Limited, the responsibility includes planning, implementing, managing and controlling all financial-related activities of the company, which includes the accounting, finance, forecasting, strategic planning, investor and public relationships, and private and institutional financing functions.

SENIOR MANAGEMENT

Mr. Liang Tao, aged 49, is currently the general manager of Goldtium Energy, an indirect wholly-owned subsidiary of the Company. He is responsible for overseeing all the production and quality control matters of the Group's production facility in Jiangmen as well as the management, PRC compliance and research and development of the Group.

Mr. Liang has around 20 years' experience in the disposable battery industry. He became the general manager and quality control and production superintendent of Goldtium Energy since 2011 and has been holding this position in the Group since then.

Ms. Chu Suk Man, aged 56, is the deputy general manager of Golden Power Corporation since 2005. She is responsible for overseeing the global sourcing department and carrying out strategic planning for procurement of raw materials and semi-finished products to meet the production needs of the Group.

Ms. Chu was the accounting manager of Golden Power Industries from 1989 to 2000. She then left the Group and rejoined Golden Power Industries in 2002. She was transferred to Golden Power Corporation in 2005 and has been a deputy general manager since then.

Ms. Chu Suk Man is the elder sister of Ms. Chu Shuk Ching, an executive Director and the chief executive officer of the Group.

Ms. Wong In San, aged 51, is currently the deputy general manager of Golden Power Corporation. She is responsible for managing the human resources and administration department to formulate and execute human resources management policies and procedures of the Group.

Ms. Wong graduated from The Chinese University of Hong Kong in 1987 with a bachelor degree in social sciences. She joined the Group in 1988 and had served as an export manager and then a deputy manager of Golden Power Industries. She was transferred to Golden Power Corporation and has become deputy general manager since then.

Mr. Wong Kai Hung, aged 51, is currently the deputy general manager of Golden Power Corporation. He is responsible for planning, developing and implementing the strategic sales and marketing plans as well as leading and managing a team of salespersons of the Group.

Mr. Wong joined the Group in 1992 as a trading executive of Golden Power Industrial. He was transferred to Golden Power Corporation and promoted to be a senior sales and marketing manager of the Group and has subsequently become the deputy general manager of the Group since April 2008.

Mr. Tse Kar Keung, aged 47, the financial controller and company secretary, joined the Group in March 2010. He is responsible for the review and supervision of the Group's overall internal control system and accountancy function.

Mr. Tse acquired a master degree in science in applied accounting in the Hong Kong Baptist University in 2011. He has been a member and a fellow of the Association of Chartered Certified Accountants since 2008 and 2013, respectively. He has also been a member of the Hong Kong Institute of Certified Public Accountants since 2009. He joined the Group in 2010 as a senior accounting manager and assistant to chairman in Golden Power Corporation.

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse is also a member of the senior management as the financial controller of the Group. For his biography, please refer to the paragraph headed "Senior Management" under this section.

COMPLIANCE OFFICER

Ms. Chu Shuk Ching is the compliance officer of the Company. For details of her biography, please refer to the paragraph headed "Executive Directors" under this section.

Corporate Governance Report

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the Year.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for the shareholders of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the code principles of the Corporate Governance Code (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders of the Company. The Company has complied with the Code throughout the period from the Listing Date to 31 December 2015.

During the period from the Listing Date to 31 December 2015 (the "**Reporting Period**"), the Board is of the opinion that the Company has complied with all the applicable provisions set out in the Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by the Directors during the Reporting Period.

BOARD OF DIRECTORS

Board Diversity Policy

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the Code, the Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The Company recognises and benefits from the diversity of Board members. While appointments of all members of the Board will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of perspectives, including but not limited to gender, age, cultural, educational background, experience (professional or otherwise), skills and knowledge.

Composition of the Board

As at the date of this report, the Board comprises seven Directors, including four executive Directors and three independent non-executive Directors:-

Executive Directors
Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consists of three independent non-executive Directors during the Reporting Period, all of which possess appropriate professional qualifications or accounting or related financial management expertise. During the Reporting Period and as of the date of this report, the number of independent non-executive Directors represents more than one-third of the Board. As such, the Company believes that there is a sufficient independence element in the Board to safeguard the interests of the shareholders of the Company.

Specific enquiry has been made by the Company to each independent non-executive Director to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules, and each of them confirmed that he/she is independent of the Company. Based on the confirmations received, the Company considers that all the independent non-executive Directors are independent within the meaning of the GEM Listing Rules.

In accordance with code provision A.4.1 of the Code, the Company has entered into an appointment letter with each of the independent non-executive Directors for a fixed term of three years commencing from the Listing Date, which may be terminated by either the Company or the Director in accordance with the terms thereof.

Pursuant to article 108 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However a retiring Director shall be eligible for re-election.

Saved as disclosed in the section "Biographical Details of Directors and Senior Management" in this report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Functions of the Board

The overall management of the Company's operation was vested in the Board. The principal function of the Board is to consider and approve the overall plans and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business and the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

All Directors have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. Since the Listing, in accordance with the Code provision C.1.2, all the Directors are and will be provided with monthly updates on the Company's performance, position and prospect to enable the Board as a whole and each Director to discharge their duties.

Board and General Meetings

During the Reporting Period, two board meetings were held on 12 August 2015 and 11 November 2015, respectively. Subsequent to the Reporting Period and up to the date of this report, one board meeting was held on 18 March 2016. The forthcoming annual general meeting which is scheduled to be held on Tuesday, 3 May 2016 (the "**2016 AGM**") is the first general meeting of the Company since the Listing Date.

The individual attendance record of each Director at the Board meetings during the Year is set out below:-

Name of the Directors	Attendance/ Number of Board meetings
Executive Directors	
Mr. Chu King Tien *(Chairman)*	2/2
Ms. Chu Shuk Ching	2/2
Mr. Tang Chi Him	2/2
Mr. Chu Ho Wa	2/2
Independent non-executive Directors	
Mr. Hui Kwok Wah	2/2
Mr. Ma Sai Yam	2/2
Mr. Chow Chun Hin, Leslie	2/2

The company secretary attended all the Board meetings held during the Reporting Period to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

Corporate Governance Functions and Conduct of Meetings

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions as set out in provision D.3.1 of the Code, such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Provision A.1.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are required to be given. An agenda and accompanying board papers are sent to all Directors at least three days before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Directors also have separate independent professional advice to assist them performing their duties to the Company.

Minutes of all Board meetings recording sufficient details of matters considered and decisions are duly kept by the secretary of the meetings and open for inspection on reasonable notice by the Directors.

Directors' continuous training and professional development

Pursuant to provision A.6.5 of the Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period, all the Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and relevant regulations.

The individual training record of each Director received during the Reporting Period is summarised below:-

Name of Directors	**Attending seminar(s)/ reading relevant materials on the topics related to corporate governance and relevant regulations (Yes/No)**
Executive Directors	
Mr. Chu King Tien *(Chairman)*	Yes
Ms. Chu Shuk Ching	Yes
Mr. Tang Chi Him	Yes
Mr. Chu Ho Wa	Yes
Independent non-executive Directors	
Mr. Hui Kwok Wah	Yes
Mr. Ma Sai Yam	Yes
Mr. Chow Chun Hin, Leslie	Yes

BOARD COMMITTEES

The Board has established three Board committees to oversee specific aspects of the Group's affairs and help it in the execution of its responsibilities. Each committee has its specific written terms of reference which clearly outline the committees' authority and duties, and which require the committees to report on their decisions or recommendations to the Board. All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") on 15 May 2015 with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Hui Kwok Wah (who act as the chairman of the Audit Committee), Mr. Ma Sai Yam and Mr. Chow Chun Hin, Leslie.

All members of the Audit Committee possess appropriate knowledge and financial experience to perform their duties. The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The Audit Committee has reviewed the consolidated financial statements for the Year.

Meetings of the Audit Committee shall be held not less than twice a year.

Two Audit Committee meetings were held during the Reporting Period. The attendance records of each member of the Audit Committee at the said meetings are as follows:-

Name of the Directors	**Attendance/ Number of Audit Committee meetings**
Mr. Hui Kwok Wah *(Chairman)*	2/2
Mr. Ma Sai Yam	2/2
Mr. Chow Chun Hin, Leslie	2/2

In performing its duties in accordance with its terms of reference, the works performed by the Audit Committee during the Reporting Period included, among other things, the followings:-

A. reviewed and supervised the financial reporting process and internal control system of the Group;

B. made recommendations to the Board on the appointment of external auditor and gave approval of their remuneration;

C. met with external auditor and reviewed their independent audit reports; and

D. reviewed the financial statements for the relevant periods.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") on 15 May 2015 with written terms of reference in compliance with the GEM Listing Rules. The Remuneration Committee comprises one executive Director, namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Hui Kwok Wah being appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management which should include benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, to ensure none of the Directors or any of his associate is involved in deciding his own remuneration, and make recommendations to the Board on the remuneration of the independent non-executive Directors.

Meeting of the Remuneration Committee shall be held at least once a year. No meeting of the Remuneration Committee was held during the Reporting Period. One meeting of the Remuneration Committee was held during the period between 1 January 2016 and the date of this report. The attendance records of each member of the Remuneration Committee at the said meeting are as follows:-

Name of the Directors	Attendance/ Number of Remuneration Committee meetings
Executive Director	
Mr. Chu King Tien	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah *(Chairman)*	1/1
Mr. Ma Sai Yam	1/1

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") on 15 May 2015 with written terms of reference in compliance with the GEM Listing Rules. The Nomination Committee comprises one executive Director namely, Mr. Chu King Tien and two independent non-executive Directors, namely, Mr. Hui Kwok Wah and Mr. Ma Sai Yam, with Mr. Chu King Tien being appointed as the chairman of the Nomination Committee.

The roles and functions of the Nomination Committee include, among other things, reviewing the structure, size and composition of the Board at least once a year, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The Nomination Committee shall meet at least once a year. No meeting of the Nomination Committee was held during the Reporting Period. One meeting of the Nomination Committee was held during the period from 1 January 2016 to the date of this report. The attendance records of each member of the Nomination Committee at the said meeting are as follows:-

Name of the Directors	Attendance/ Number of Nomination Committee meetings
Executive Director	
Mr. Chu King Tien *(Chairman)*	1/1
Independent non-executive Directors	
Mr. Hui Kwok Wah	1/1
Mr. Ma Sai Yam	1/1

COMPANY SECRETARY

Mr. Tse Kar Keung was appointed as the company secretary of the Company on 18 April 2013. Mr. Tse is also the financial controller of the Group and a member of the senior management. For his biography, please refer to the section headed "Biographical Details of Directors and Senior Management" in this report. During the Year, he has undertaken not less than 15 hours of relevant professional training.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Directors acknowledged their responsibility for preparing the consolidated financial statements of the Company for the Year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibility of the external auditor is to form an independent opinion, based on their audit work, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the Independent Auditor's Report in this report.

AUDITOR'S REMUNERATION

For the Year, the fee paid/payable to the Group's external auditor, PKF for the audit, audited related and non-audit services provided amounted to approximately HK$0.74 million, HK$0.18 million and HK$0.03 million respectively. The fee paid/payable to other audit firms for providing audit for the Year amounted to approximately HK$0.12 million. The non-audit services mainly consist of taxation review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control system. The Board has conducted a review of, and is satisfied with the effectiveness of the internal control system of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

A) Annual General Meeting

The 2016 AGM is scheduled on Tuesday, 3 May 2016. A circular containing, among other matters, further information relating to the 2016 AGM will be dispatched to the shareholders of the Company together with this report.

B) Rights and Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 64 of the Articles, any one or more shareholders of the Company holding as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) himself(themselves) may convene the general meeting in the same manner, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to him (them) by the Company.

C) Procedures for Shareholders to Propose for Election as a Director

Shareholders may propose a person for election as Director. The procedures are set out in the document entitled "Procedures for Nomination of Directors by Shareholders" which is available on the Company's website at www.goldenpower.com.

D) Right to Put Enquiries to the Board

Shareholders of the Company have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Board or the company secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is the key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and the public. The Company updates its shareholders on its latest business developments and financial performance through the publication of its annual, interim and quarterly reports and/or circulars, notices and other announcements. The corporate website of the Company (www.goldenpower.com) has provided an effective communication platform to the shareholders and the public.

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders passed on 15 May 2015, the Articles were adopted by the Company with effect from the Listing Date. Since the Listing and up to the date of this annual report, no change has been made to the Articles.

Report of the Directors

The Directors present their report and the audited consolidated financial statements for the Year.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 7 June 2012.

In preparing for the Listing, the Company became the holding company of the companies comprising the Group pursuant to the reorganisation as more particularly described in the section headed "History, Development and Reorganisation — Reorganisation" of the Prospectus.

The Shares of the Company were listed on GEM of the Stock Exchange on 5 June 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to the PRC, Hong Kong and international markets both under its own brand "Golden Power" and the brands of its private label and OEM customers. The products are mainly categorised into two segments, namely (i) disposable batteries; and (ii) rechargeable batteries and other battery-related products. The disposable batteries are categorised into two sub-segments, namely (i) cylindrical batteries; and (ii) micro-button cells. Other battery-related products include battery chargers, battery power packs and electric fans.

There were no significant changes in the nature of the Group's principal activities during the Year.

SUBSIDIARIES

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

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 36 and 37 of this report, respectively.

The Directors do not recommend the payment of a final dividend for the Year (2014: HK$2 million).

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders of the Company to attend and vote at the 2016 AGM to be held on Tuesday, 3 May 2016, the register of members of the Company will be closed from Friday, 29 April 2016 to Tuesday, 3 May 2016 both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2016 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm Thursday, 28 April 2016.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section head "Management Discussion and Analysis" on page 5 to page 11 of this report. The business review forms part of this report.

SEGMENT INFORMATION

Details of segment reporting are set out in Note 5 of the consolidated financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$0.65 million (2014: HK$Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the largest and the top five customers of the Group accounted for 7.22% (2014: 12.58%) and 22.87% (2014: 34.60%) of the Group's revenue, respectively, for the Year.

During the Year, the Group's purchases from the largest and the top five suppliers accounted for 8.14% (2014: 7.70%) and 27.27% (2014: 31.58%) of the Group's purchases, respectively, for the Year.

Save as disclosed under Note 27, to the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company), had any interest in any of the Group's top five customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the Year are set out in Note 14 of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 23 of the audited consolidated financial statements.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 40.

DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2015 are set out in Note 24 to the audited consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2015 are set out in Note 22 to the audited consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results of the Group for the past three financial years is set out on page 96 of this report.

IMPORTANT EVENTS AFTER THE YEAR END

Except as disclosed in this annual report, the Directors are not aware of any important events affecting the Group that have occurred since 31 December 2015 and up to the date of this report.

DIRECTORS

The Directors since the Listing Date and up to the date of this report were:-

Executive Directors
Mr. Chu King Tien *(the chairman of the Group)*
Ms. Chu Shuk Ching
Mr. Tang Chi Him
Mr. Chu Ho Wa

Independent non-executive Directors
Mr. Hui Kwok Wah
Mr. Ma Sai Yam
Mr. Chow Chun Hin, Leslie

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 12 to 14 of this annual report.

DIRECTORS' RETIREMENT AND RE-ELECTION

In accordance with article 112 of the Articles, any Director appointed by the Board to fill casual vacancy shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with articles 108 and 112 of the Articles, all the Directors, namely, Mr. Chu King Tien, Ms. Chu Shuk Ching, Mr. Tang Chi Him, Mr. Chu Ho Wa, Mr. Hui Kwok Wah, Mr. Ma Sai Yam and Mr. Chow Chun Hin Leslie will retire and, being eligible, offer themselves for re-election at the 2016 AGM.

Save as disclosed otherwise in this report, no Director proposed for re-election at the 2016 AGM has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from all the independent non-executive Directors, namely Mr. Hui Kwok Wah, Mr. Ma Sai Yam, and Mr. Chow Chun Hin, Leslie, pursuant to the GEM Listing Rules. The Company considers all of them to be independent pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

The service contract between the Company and each of the executive Directors is for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the current term of the appointment, unless the Director has not been re-elected as a Director of the Company or has been removed by shareholders of the Company at any of its general meeting in accordance with the Articles. Either the Company or the Director may terminate the service contract in accordance with the terms thereof.

The Company has entered into an appointment letter with each of the independent non-executive Directors for fixed term of three years commencing from the Listing Date, which may be terminated by either the Company or the Director in accordance with the term thereof.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

Save as disclosed in the Prospectus or elsewhere in this annual report, no Director or any entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 December 2015, none of the Directors, the substantial shareholders or their respective associates (as defined under the GEM Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests.

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 of the audited consolidated financial statements. No Director has waived or has agreed to waive any emolument during the Year.

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all the Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to the Directors and the relevant eligible participants.

The emoluments of the Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of each Director, and taking into consideration the Company's performance and prevailing market conditions.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the Prospectus or elsewhere in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, RaffAello Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 25 September 2014, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group (including options or rights to subscribe for such securities) as at 31 December 2015 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Interests in the Company

As at 31 December 2015, the interests or short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in the GEM Listing Rules, were as follows:-

Long positions in the shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding
Chu King Tien	Interest in a controlled corporation (Note 1)	104,000,000 ordinary Shares	65%

Note:-

1. These Shares are held by Golden Villa Ltd., which is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu King Tien is deemed to be interested in all the Shares held by Golden Villa Ltd. in the Company.

Interests in associated corporations of the Company

As at 31 December 2015, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as referred to in, were as follows:-

Long positions in the Shares of the associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of Shares (long position)	Approximate percentage of shareholding
Mr. Chu King Tien	Golden Villa Ltd.	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by the Directors as reglued to in the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 December 2015, the following persons (other than the Directors and chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:-

Long positions in the shares

Name	Nature of interest	Total number of shares held	Approximate percentage of shareholding
Golden Villa Ltd. (Note 1)	Beneficial owner	104,000,000 ordinary Shares	65%
Ms. Mo Yuk Ling (Note 2)	Interest of spouse	104,000,000 ordinary Shares	65%

Notes:-

1. Golden Villa Ltd. is wholly and beneficially owned by Mr. Chu King Tien. By virtue of the SFO, Mr. Chu is deemed to be interested in all the shares held by Golden Villa Ltd. in the Company.

2. Ms. Mo Yuk Ling is the spouse of Mr. Chu King Tien. Under the SFO, Ms. Mo Yuk Ling is deemed to be interested in the same number of shares in which Mr. Chu King Tien is interested.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other persons who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's sole shareholder passed on 15 May 2015. As of the date of this report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

1) Purpose

The purpose of the Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**").

2) Qualifying participants

Subject to the provisions in the Scheme, the Board shall be entitled at any time and from time to time within the period of ten years after the date of adoption of the Scheme to make an offer to any of the following classes of persons:-

(i) any employee (whether full time or part time, including Director) of the Company, its subsidiaries and any Invested Entity;

(ii) any Director (including any non-executive Director and independent non-executive Director) of the Company, any of its subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any security issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group; and

(viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

3) Maximum number of the Shares

The maximum number of the Shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company (excluding, for this purpose, Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of the Shares of the Company in issue as at Listing Date, being 16,000,000 Shares. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the GEM Listing Rules, refresh this limit at any time to 10% of the Shares in issue as at the date of the shareholders' approval. The above is subject to the condition that the maximum number of the Shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares of the Company in issue from time to time.

As at the date of this report, the outstanding number of Share options available for grant under the Scheme is 16,000,000 Share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company.

4) Limit for each participant

The total number of the Shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular, the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the GEM Listing Rules.

5) Exercise of an option

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer of the grant of the option to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

6) Acceptance and payment on acceptance

The options granted under the Scheme shall remain open for acceptance for a period of up to 21 days from the date on which the options are offered to an eligible person. Upon acceptance of the option, the eligible person shall pay HK$1 to the Company as consideration for the grant.

7) Subscription price

The subscription price of a Share in respect of any option granted under the Scheme will be a price determined by the Board at its discretion and shall not be less than the highest of (i) the closing price of the Shares of the Company as stated in the daily quotations sheet of Stock Exchange for trade in one or more board lots of the Shares on the date on which an offer is made to an eligible person, which must be a business day; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an offer is made to an eligible person; and (iii) the nominal value of a Share.

8) Remaining life of the Scheme

The Scheme will remain valid and effective for a period of 10 years commencing from 15 May 2015 after which no further option shall be granted.

RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The related party transactions entered into by the Group during the Year are set out in Note 27 to the audited consolidated financial statements. Save as disclosed below, the Directors consider that these material related party transactions did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

Exempt Continuing Connected Transactions

The related party transaction entered into by the Group during the Year in relation to rental expenses paid to China Scene Limited as set out in Note 27 to the audited consolidated financial statements are continuing connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the GEM Listing Rules. Further details of these continuing connected transactions are set out in the section headed "Connected Transactions" in the Prospectus.

The related party transactions in relation to key management personnel remuneration as disclosed in Note 27 to the audited consolidated financial statements are connected transactions exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

On 31 December 2013, the Company entered into a master sales agreement (the "**Master Sales Agreement**") with 廣州市南華力電子有限公司 (Guangzhou Nan Hua Jin Li Electronics Limited) ("**Nan Hua Jin Li**") and Suenglh Corporation Limited ("**Suenglh**"), which was amended by a supplemental agreement entered into between them dated 15 September 2014, for the sale and supply of the Group's batteries in the PRC (excluding Macau and Taiwan), for a term of three years commencing from 1 January 2014 and ending on 31 December 2016.

As disclosed in the Prospectus, the Board estimated that the annual caps under the Master Sales Agreement will be approximately HK$37.80 million, HK$40.60 million and HK$42.60 million for the years ended/ending 31 December 2014, 2015 and 2016, respectively in the Master Sales Agreement (as amended and supplemented by the Supplemental Agreement).

Nan Hua Jin Li is legally and beneficially owned as to 71% by Mr. Zhu Chengxian ("**Mr. Zhu**"), a nephew of Mr. Chu King Tien (the executive Director, the chairman of the Group and a controlling shareholder of the Company), and 29% by independent third parties. Mr. Zhu is a connected person under the GEM Listing Rules and Nan Hua Jin Li, being a majority-controlled company of Mr. Zhu, is also a connected person under the GEM Listing Rules. Suenglh is legally and beneficially owned as to 100% by Mr. Zhu. Suenglh, being a majority-controlled company of Mr. Zhu, is also a connected person under the GEM Listing Rules. Accordingly, the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Since certain applicable percentage ratios (other than the profits ratio) in respect of the transactions under the Master Sales Agreement (as amended and supplemented by the Supplemental Agreement), on an annual basis, expected to be more than 25% and the annual consideration is more than HK$10 million, the transactions contemplated under the Master Sales Agreement (as amended and supplemented by the Supplemental Agreement) constitute non-exempt continuing connected transactions and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the Listing Rules, subject however to the waiver as mentioned below.

During the Year, the sales to Nan Hua Jin Li and Suenglh under the Master Sales Agreement (as amended and supplemented by the Supplemental Agreement) amounted to approximately HK$22.49 million (2014: approximately HK$26.57 million) and approximately HK$3.2million (2014: HK$Nil), respectively.

The waiver

The Group has applied to the Stock Exchange for, and the Stock Exchange has granted it, a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements of the GEM Listing Rules in respect of the above non-exempt continuing connected transactions, subject to the following conditions:-

(a) the annual caps for each of such continuing connected transactions as stated above will not be exceeded; and

(b) the Company will comply with other applicable requirements under Chapter 20 of the GEM Listing Rules.

Annual Review

Pursuant to Rule 20.53 of the GEM Listing Rules, the non-exempt continuing connected transactions mentioned above have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor has been engaged by the Company to report on the non-exempt continuing connected transactions mentioned above. The auditor has issued a letter to the Board confirming, among other things, that nothing has come to their attention that causes them to believe that such transactions:-

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(d) have exceeded the cap.

A copy of this letter has been provided by the Company to the Stock Exchange.

CORPORATE GOVERNANCE

The Company has complied with the provisions as set out in the Code during the Year.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 15 to 22 of this report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the prescribed minimum amount of public float as required under the GEM Listing Rules from the Listing Date to 31 December 2015 and at any time up to the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF, who will retire and, being eligible, offer themselves for re-appointment at the 2016 AGM. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2016 AGM.

On behalf of the Board
Mr. Chu King Tien
Chairman

Hong Kong, 18 March 2016

Independent Auditor's Report

大信梁學濂(香港)會計師事務所

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business advisers

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TO THE SHAREHOLDERS OF GOLDEN POWER GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Power Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 36 to 95, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

PKF
Certified Public Accountants
Hong Kong, 18 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**311,500**	384,752
Cost of sales		**(235,054)**	(296,446)
Gross profit		**76,446**	88,306
Other revenue	6	**3,302**	4,663
Other gains/(losses) — net	7	**987**	(738)
Selling expenses		**(12,477)**	(14,131)
General and administrative expenses		**(55,027)**	(54,143)
Profit from operations		**13,231**	23,957
Finance costs	8(a)	**(5,880)**	(7,137)
Profit before income tax	8	**7,351**	16,820
Income tax expense	10	**(3,952)**	(5,127)
Profit for the year and attributable to the shareholders of the Company		**3,399**	11,693
Earnings per share (HK$ cents)			
— Basic	13	**2.50**	11.24
— Diluted	13	**N/A**	N/A

Details of dividends declared and paid or payable by the Company to its shareholders during the year are set out in Note 12.

The notes on pages 43 to 95 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Profit for the year	**3,399**	11,693
Other comprehensive loss:-		
Item that may be reclassified subsequently to profit or loss:-		
Exchange differences arising on translation of financial statements of foreign operations	**(4,716)**	(2,004)
Other comprehensive loss for the year, net of tax	**(4,716)**	(2,004)
Total comprehensive (loss)/income for the year and attributable to the shareholders of the Company	**(1,317)**	9,689

The notes on pages 43 to 95 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**170,508**	175,699
Intangible assets	15	**315**	305
Prepaid land lease payments	16	**5,489**	6,032
Deposits paid for property, plant and equipment	19	**4,994**	—
Deferred tax assets	11	**7,149**	7,737
		188,455	189,773
CURRENT ASSETS			
Inventories	17	**48,813**	59,351
Trade and bills receivables	18	**41,172**	66,901
Deposits, prepayments and other receivables	19	**12,438**	19,036
Prepaid land lease payments	16	**218**	231
Income tax recoverable		**1,712**	49
Cash and bank balances		**24,918**	17,168
		129,271	162,736
DEDUCT:-			
CURRENT LIABILITIES			
Trade payables	20	**77,774**	124,212
Receipts in advance, other payables and accruals	21	**26,993**	21,808
Bank borrowings, secured	22	**59,140**	125,695
Income tax payable		**286**	2,546
		164,193	274,261
NET CURRENT LIABILITIES		**(34,922)**	(111,525)
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,533**	78,248

Consolidated Statement of Financial Position (Continued)

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
DEDUCT:-			
NON-CURRENT LIABILITIES			
Bank borrowings, secured	22	**36,540**	30,649
Other payables	21	**—**	11,000
Deferred tax liabilities	11	**1,868**	1,582
		38,408	43,231
NET ASSETS		**115,125**	35,017
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	23	**1,600**	—
Reserves	24	**113,525**	35,017
TOTAL EQUITY		**115,125**	35,017

Approved and authorised for issue by the Board of Directors on 18 March 2016.

Mr. Chu King Tien
DIRECTOR

Ms. Chu Shuk Ching
DIRECTOR

The notes on pages 43 to 95 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 Note 24(c)(i)	Exchange reserve HK$'000 Note 24(c)(ii)	Capital reserve HK$'000 Note 24(c)(iii)	Retained profits HK$'000	Total equity HK$'000
At 1 January 2014	1,400	—	2,843	4,066	1,200	36,969	46,478
Total comprehensive (loss)/ income for the year	—	—	—	(2,004)	—	11,693	9,689
Dividend declared by the Company (Note 12)	—	—	—	—	—	(2,000)	(2,000)
Dividend declared and paid by a subsidiary before the completion of group reorganisation	—	—	—	—	—	(20,000)	(20,000)
Appropriation to statutory reserve	—	—	568	—	—	(568)	—
Capitalisation of amount due to a fellow subsidiary (Note 32)	—	—	—	—	19,618	—	19,618
Deemed distribution	(1,400)	—	—	—	(10,999)	(6,369)	(18,768)
At 31 December 2014 and 1 January 2015	**—**	**—**	**3,411**	**2,062**	**9,819**	**19,725**	**35,017**
Total comprehensive (loss)/ income for the year	**—**	**—**	**—**	**(4,716)**	**—**	**3,399**	**(1,317)**
Appropriation to statutory reserve	**—**	**—**	**529**	**—**	**—**	**(529)**	**—**
Issue of shares (Note 23(c))	**560**	**75,040**	**—**	**—**	**—**	**—**	**75,600**
Capitalisation Issue (Note 23(d))	**1,040**	**(1,040)**	**—**	**—**	**—**	**—**	**—**
Capital injection (Note 24(c)(iii)(c))	**—**	**—**	**—**	**—**	**20,000**	**—**	**20,000**
Share issuing expenses	**—**	**(14,175)**	**—**	**—**	**—**	**—**	**(14,175)**
At 31 December 2015	**1,600**	**59,825**	**3,940**	**(2,654)**	**29,819**	**22,595**	**115,125**

The notes on pages 43 to 95 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**7,351**	16,820
Adjustments for:-		
Amortisation of intangible assets	**124**	60
Amortisation of prepaid land lease payments	**228**	233
Depreciation	**12,722**	12,589
Finance costs	**5,880**	7,137
Loss on disposals of property, plant and equipment	**401**	129
Interest income	**(15)**	(343)
Impairment loss on deposits paid for acquisition of property, plant and equipment	**—**	911
Impairment loss on trade receivables	**506**	542
Write-down/(reversal of write-down) to net realisable value on inventories	**498**	(172)
Exchange differences	**47**	142
Operating profit before working capital changes	**27,742**	38,048
Decrease in inventories	**7,281**	8,403
Decrease in trade and bills receivables	**23,094**	3,022
Decrease/(increase) in deposits, prepayments and other receivables	**6,032**	(1,837)
(Decrease)/increase in trade payables	**(40,625)**	25,869
Decrease in receipts in advance, other payables and accruals	**(4,011)**	(259)
Decrease in amount due from a fellow subsidiary	**—**	9,780
Cash generated from operations	**19,513**	83,026
Interest received	**15**	343
Income tax paid	**(7,142)**	(4,332)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**12,386**	79,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	**(14,655)**	(18,917)
Sale proceeds from disposals of property, plant and equipment	**1,871**	257
Payments to acquire intangible assets	**(134)**	(70)
Deposits paid for acquisition of property, plant and equipment	**(4,994)**	(911)
NET CASH USED IN INVESTING ACTIVITIES	**(17,912)**	(19,641)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid by the Company	**—**	(5,000)
Dividend paid by a subsidiary before the completion of group reorganisation	**—**	(20,000)
Interest paid for bank borrowings	**(5,178)**	(6,246)
Other finance costs paid	**(702)**	(891)
Increase in amount due to a fellow subsidiary	**—**	129
Decrease in amount due to a director	**—**	(1,007)
New bank borrowings raised	**468,367**	453,544
Repayment of bank borrowings	**(527,436)**	(463,319)
Cash paid arising from group reorganisation	**—**	(8,731)
Proceeds from capital injection	**20,000**	—
Proceeds from issuing of shares	**75,600**	—
Share issuing expenses	**(14,175)**	—
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**16,476**	(51,521)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**10,950**	7,875
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**(3,200)**	(882)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**17,168**	10,175
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**24,918**	17,168
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**24,918**	17,168

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 7 June 2012 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarter and principal place of business in Hong Kong is located at Flat C, 20/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong. The Company's shares has listed and traded on the Growth Enterprise Market ("**GEM**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 5 June 2015 (the "**Listing Date**").

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM of the Stock Exchange, the Company became the holding company of the Group on 25 September 2014 (the "**Reorganisation**"). Details of the Reorganisation were set out in the section headed "History, Development and Reorganisation — Reorganisation" of the prospectus of the Company dated 29 May 2015 (the "**Prospectus**").

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of a broad range of batteries for various electronic devices to Hong Kong, the People's Republic of China ("**the PRC**") and international markets. The ultimate controlling party of the Group is Mr. Chu King Tien ("**Mr. Chu**" or the "**Controlling Shareholder**").

In the opinion of the directors, Golden Villa Ltd., a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate and ultimate holding company of the Company.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations ("**HK(IFRIC)-Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following revised Hong Kong Financial Reporting Standards:-

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual improvements (2010–2012)	Amendments to HKFRS 8, HKAS 16, HKAS 24 and HKAS 38
Annual improvements (2011–2013)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40

The initial application of these revised financial reporting standards does not necessitate material changes in the Group's accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following new and revised Hong Kong Financial Reporting Standards in issue at 31 December 2015 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2015:-

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Annual Improvements (2012–2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these standards and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Adoption of going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. At 31 December 2015 and 2014, the Group had net current liabilities of HK$34,922,000 and HK$111,525,000 respectively. The consolidated financial statements have been prepared on a going concern basis due to the reasons that (i) at 31 December 2015 and 2014, the Group had unutilised banking facilities of HK$88,653,000 and HK$74,383,000 respectively; and (ii) the directors expect that the Group is able to renew all the banking facilities when expire.

After taking into consideration of the banking facilities already in place at 31 December 2015, and funds expected to be generated internally from operations based on the directors' estimation on the future cash flows of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

2. BASIS OF PREPARATION *(continued)*

(d) Adoption of going concern basis *(continued)*

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis.

(b) Consolidation and combination

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(i) Business combinations under common control before Listing Date

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control for Reorganisation before Listing Date, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the year and the business have been combined from the date when they first came under the control of the controlling party.

Upon transfer of interest in an equity to another entity that is under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised as deemed distribution directly in capital reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Consolidation and combination *(continued)*

(i) Business combinations under common control before Listing Date (continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Business combinations not under common control

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred to the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree (collectively the "**Sum of Consideration**") is more than the fair value of the identifiable net assets acquired, the excess is recorded as goodwill. If the Sum of Consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with all policies adopted by the Group.

(c) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment and depreciation *(continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, over their estimated useful lives, at the following annual rates:-

Category	Depreciation policy	Residual value
Leasehold land	Shorter of remaining lease term or useful life on a straight-line basis	0%
Leasehold buildings	4% on a straight-line basis	0%
Plant and machinery	10% on a reducing balance basis	10%
Furniture, fixtures and office equipment	15% on a reducing balance basis	10%
Moulds	33% on a straight-line basis	0%
Loose tools and instruments	50% on a reducing balance basis	0%
Motor vehicles	25% on a straight-line basis	10%
Leasehold improvements	15% on a reducing balance basis	0%

Useful lives, the depreciation methods and residual values are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised which is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially completed and ready for its intended use.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 3(c). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 3(i). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(e) Intangible assets

Trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation of trademarks is charged to profit or loss on a straight-line basis over the estimated useful lives of 10 years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using first-in first-out method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(i) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:-

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(i) Impairment of receivables (continued)

If any such evidence exists, impairment loss on receivables carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, intangible assets and prepaid land lease payments may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measureable, or value in use, if determinable.

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Trade and other payables

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

(k) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare that asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:-

— Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts, rebates and returns.

— Interest income is recognised as it accrues using the effective interest method.

— Rental income is recognised on a straight-line basis over the terms of relevant leases.

— Services fee income is recognised in the period when services are rendered.

(o) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in profit or loss as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior years. The obligation is discounted to its present value and the fair value of any related assets, including retirement scheme benefit, is deducted.

(p) Translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Translation of foreign currencies *(continued)*

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of each reporting period;

— Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised in profit or loss when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:-

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

— in the case of deferred tax assets and liabilities, if they relate to income taxes by the same taxation authority on either:-

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provision and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value for the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 3(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee; and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of the guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Related parties

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these consolidated financial statements. The principal accounting policies are set forth in Note 3 above. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of these consolidated financial statements.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions, technology changes and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preference or competitor actions. The Group reassesses these estimates at the end of each reporting period.

(b) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(c) Depreciation

Property, plant and equipment are depreciated on a straight-line basis or reducing balance basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives and basis of depreciation of property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives and basis of depreciation are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(d) Current and deferred income taxes

The Group is subject to income taxes in Hong Kong and the PRC. Judgements and estimations are required in determining the provision for income taxes for certain transactions (including inter-company transactions) and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determinations are made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Current and deferred income taxes *(continued)*

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the invoiced value of goods sold to external customers less discounts, rebates and returns, and net of value-added tax and surcharges.

The Group's operating business are organised and managed separately according to the nature of products. Each segment representing a strategic business segment that offers different products in the market. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented two reportable segments, namely disposable batteries and rechargeable batteries and other battery-related products. No operating segments have been aggregated to form the above reportable segments.

For the purposes of assessing segment performance and allocating resources, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:-

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment result is gross profit.

A measurement of segment assets and liabilities is not provided regularly to the Group's senior executive management and accordingly, no segment assets and liabilities information is presented.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Information regarding the Group's reportable segments for the years ended 31 December 2015 and 2014 is set out below:-

Segment revenue from external customers

	2015 HK$'000	2014 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**139,665**	192,996
— Carbon	**71,412**	95,917
	211,077	288,913
(ii) Micro-button cells		
— Alkaline	**65,920**	52,951
— Other micro-button cells	**18,702**	24,333
	84,622	77,284
	295,699	366,197
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**14,879**	15,835
(ii) Other battery-related products	**922**	2,720
	15,801	18,555
	311,500	384,752

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment results

	2015 HK$'000	2014 HK$'000
Disposable batteries		
(i) Cylindrical batteries		
— Alkaline	**32,183**	47,329
— Carbon	**5,009**	10,735
	37,192	58,064
(ii) Micro-button cells		
— Alkaline	**23,125**	13,082
— Other micro-button cells	**10,978**	10,833
	34,103	23,915
	71,295	81,979
Rechargeable batteries and other battery-related products		
(i) Rechargeable batteries	**4,729**	4,103
(ii) Other battery-related products	**422**	2,224
	5,151	6,327
	76,446	88,306

The reportable and operating segment results are reconciled to profit before income tax of the Group as follows:-

	2015 HK$'000	2014 HK$'000
Segment results	**76,446**	88,306
Unallocated other revenue	**3,302**	4,663
Unallocated other gains/(losses) — net	**987**	(738)
Unallocated corporate expenses	**(67,504)**	(68,274)
Finance costs	**(5,880)**	(7,137)
Profit before income tax	**7,351**	16,820

Segment revenue represents sales to external parties. There are no inter-segment transactions during the years ended 31 December 2015 and 2014. Segment results represent the gross profit of each type of products. This is the measure reported to the senior executive management for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

Amounts included in the measure of segment results are as follows:-

	2015 HK$'000	2014 HK$'000
Depreciation and amortisation		
Disposable batteries		
— Cylindrical batteries	**8,648**	7,636
— Micro-button cells	**1,545**	1,446
Segment total	**10,193**	9,082
Unallocated depreciation and amortisation	**2,881**	3,800
	13,074	12,882

Revenue from major customers

During the years ended 31 December 2015 and 2014, the revenue generated from the following customers accounted for over 10% of the Group's total revenue:-

	2015 HK$'000	2014 HK$'000
Customer A	*	48,393

* The corresponding revenue did not contribute over 10% of the Group's total revenue.

Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers and the geographical location of customers is based on the location at which the goods are delivered.

	2015 HK$'000	2014 HK$'000
The PRC	**89,167**	131,420
Hong Kong	**71,492**	58,169
Asia (except the PRC and Hong Kong)	**25,967**	25,233
Europe	**37,175**	73,240
Eastern Europe	**9,474**	14,408
North America	**22,143**	32,258
South America	**17,160**	16,808
Australia	**33,969**	30,238
Africa	**3,050**	2,580
Middle East	**1,903**	398
	311,500	384,752

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographic information *(continued)*

The Group's non-current assets (excluding deferred tax assets) are located in the following regions:-

	2015 HK$'000	2014 HK$'000
The PRC	**147,603**	151,612
Hong Kong	**20,641**	16,791
Macau	**13,062**	13,633
	181,306	182,036

The geographical location of the non-current assets is based on the physical location of the operation to which they are allocated.

6. OTHER REVENUE

	2015 HK$'000	2014 HK$'000
Sales of scrap materials	**2,121**	3,362
Services fee income	**20**	211
Interest income	**15**	343
Rental income	**—**	70
Handling income	**164**	409
Sundry income	**982**	268
	3,302	4,663

7. OTHER GAINS/(LOSSES) — NET

	2015 HK$'000	2014 HK$'000
Net exchange gain/(loss)	**1,388**	(609)
Loss on disposals of property, plant and equipment	**(401)**	(129)
	987	(738)

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):-

	2015 HK$'000	2014 HK$'000
(a) Finance costs:-		
Bank loans interest	**5,566**	6,399
Interest on import loans	**698**	862
Bank overdraft interest	**4**	29
Total interest expense	**6,268**	7,290
Less: interest expense capitalised into property, plant and equipment (Note)	**(388)**	(153)
	5,880	7,137
(b) Staff cost (excluding directors' emoluments) (Note 9):-		
Salaries, wages and other allowances	**35,473**	38,287
Contributions to defined contribution plans	**4,673**	5,427
	40,146	43,714
(c) Other items:-		
Amortisation of intangible assets	**124**	60
Amortisation of prepaid land lease payments	**228**	233
Auditors' remuneration	**862**	333
Cost of inventories recognised as expenses	**235,054**	296,446
Depreciation	**12,722**	12,589
Net exchange (gain)/loss	**(1,388)**	609
Loss on disposals of property, plant and equipment:-		
— Proceeds from disposals of property, plant and equipment	**(1,871)**	(257)
— Carrying amount of property, plant and equipment	**2,272**	386
	401	129
Impairment loss on:-		
— Deposits paid for acquisition of plant and equipment	**—**	911
— Trade receivables	**506**	542
Write-down/(reversal of write-down) to net realisable value on inventories	**498**	(172)
Minimum lease payments paid under operating leases:-		
— Plant and machinery	**638**	648
— Buildings	**3,981**	3,749

Note: The borrowing costs have been capitalised at a rate of 4.50% and 3.93% per annum for the years ended 31 December 2015 and 2014 respectively.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments disclosed pursuant to the Listing Rules, Section 383(1)(a),(b),(c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:-

	Year ended 31 December 2015				
Name of directors	**Fees HK$'000**	**Salaries, allowances and other benefits in kind HK$'000**	**Discretionary bonus HK$'000**	**Contribution to defined contribution plans HK$'000**	**Total HK$'000**
Executive directors:-					
Mr. Chu	**—**	**1,380**	**240**	**18**	**1,638**
Ms. Chu Shuk Ching	**—**	**1,380**	**240**	**18**	**1,638**
Mr. Chu Ho Wa	**—**	**405**	**70**	**18**	**493**
Mr. Tang Chi Him	**—**	**765**	**133**	**18**	**916**
Independent non-executive directors:-					
Mr. Hui Kwok Wah	**—**	**103**	**—**	**—**	**103**
Mr. Chow Chun Hin, Leslie	**—**	**69**	**—**	**—**	**69**
Mr. Ma Sai Yam	**—**	**68**	**—**	**—**	**68**
	—	**4,170**	**683**	**72**	**4,925**

	Year ended 31 December 2014				
Name of directors	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive directors:-					
Mr. Chu	—	1,350	200	17	1,567
Ms. Chu Shuk Ching	—	1,350	200	17	1,567
Mr. Chu Ho Wa	—	330	45	16	391
Mr. Tang Chi Him	—	720	90	17	827
	—	3,750	535	67	4,352

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Among the five highest paid individuals of the Group, three and three of them are directors of the Company for the years ended 31 December 2015 and 2014 respectively. Details of their emoluments have already been disclosed above.

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(continued)

The emoluments of the remaining two individuals are as follows:-

	2015 HK$'000	2014 HK$'000
Salaries, allowances and other benefits in kind	**1,171**	1,124
Discretionary bonuses	**185**	119
Contributions to defined contribution plans	**36**	34
	1,392	1,277

The individuals with the highest emoluments are fall within the following bands:-

	2015	2014
HK$Nil to HK$1,000,000	**2**	2

For the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Current tax — Hong Kong profits tax:-		
Provision for the year	**1,984**	3,405
Current tax — PRC enterprise income tax ("**EIT**"):-		
Provision for the year	**1,230**	1,501
	3,214	4,906
PRC withholding tax	**—**	192
Deferred taxation (Note 11):-		
Current year	**738**	29
	3,952	5,127

The Company and its subsidiaries incorporated in the Cayman Islands and BVI are not subject to any income tax pursuant to local rules and regulations.

Pursuant to Hong Kong and PRC rules and regulations, the Group entities incorporated in Hong Kong and the PRC are subject to Hong Kong profits tax at 16.5% and EIT at 25% on the estimated assessable profits respectively.

10. INCOME TAX EXPENSE *(continued)*

According to the EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

The income tax expense for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:-

	2015 **HK$'000**	2014 HK$'000
Profit before income tax	**7,351**	16,820
Tax on profit before income tax, calculated at the applicable tax rates	**1,453**	3,147
Tax effect of non-taxable income	**(75)**	(12)
Tax effect of non-deductible expenses	**2,594**	1,740
Tax effect of unrecognised decelerated tax allowances	**—**	54
Tax effect of unrecognised tax losses	**—**	6
PRC withholding tax	**—**	192
Tax concession	**(20)**	—
Income tax expense	**3,952**	5,127

11. DEFERRED TAXATION

An analysis of the deferred tax balances in the consolidated statement of financial position is as follows:-

	2015 **HK$'000**	2014 HK$'000
Deferred tax assets	**7,149**	7,737
Deferred tax liabilities	**(1,868)**	(1,582)
	5,281	6,155

11. DEFERRED TAXATION *(continued)*

The following is deferred tax assets/(liabilities) recognised by the Group and movements hereon during the years ended 31 December 2015 and 2014:-

	Unutilised tax losses HK$'000	(Accelerated)/ decelerated tax allowances HK$'000	Impairment losses on inventories HK$'000	Other HK$'000	Total HK$'000
At 1 January 2014	3,320	(640)	202	3,369	6,251
Credited/(charged) to profit or loss for the year	329	365	(19)	(704)	(29)
Exchange adjustments	(9)	(9)	(3)	(46)	(67)
At 31 December 2014 and 1 January 2015	3,640	(284)	180	2,619	6,155
(Charged)/credited to profit or loss for the year	(170)	(535)	37	(70)	(738)
Exchange adjustments	(44)	(41)	(11)	(40)	(136)
At 31 December 2015	**3,426**	**(860)**	**206**	**2,509**	**5,281**

At 31 December 2015 and 2014, temporary differences relating to the undistributed profits of the Company's subsidiaries in the PRC were RMB23,636,000 and RMB21,381,000 respectively (equivalent to HK$27,895,000 and HK$26,673,000 respectively). The related deferred tax liabilities of HK$1,395,000 and HK$1,334,000 at 31 December 2015 and 2014 respectively have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of the subsidiaries and the directors have determined that these retained profits are not likely to be distributed in the foreseeable future.

12. DIVIDENDS

Dividends declared and paid or payable to the shareholders of the Company attributable to the profit for the year are as follows:-

	2015 HK$'000	2014 HK$'000
Interim dividend declared and paid of Nil (2014: HK$0.0192 per ordinary share) (adjusted for the effect of Share Subdivision and Capitalisation Issue on 15 May 2015 and 4 June 2015 respectively)	—	2,000

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company of HK$3,399,000 (2014: HK$11,693,000) and the weighted average of 136,219,178 (2014: 104,000,000) ordinary shares in issue during the year ended 31 December 2015.

The weighted average number of ordinary shares adopted in calculation of basic earnings per share for the years ended 31 December 2015 and 2014 have been adjusted to reflect the impact of the Share Subdivision and Capitalisation Issue effected during the year ended 31 December 2015.

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January	**100**	100
Effect of capitalisation of shares (Note 23(d))	**103,999,900**	103,999,900
Effect of issue of new shares for cash (Note 23(c))	**32,219,178**	—
Issued ordinary shares at 31 December	**136,219,178**	104,000,000

Diluted earnings per share has not been disclosed as no dilutive potential equity shares in existence for the years ended 31 December 2015 and 2014.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Moulds HK$'000	Loose tools and instruments HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:-									
At 1 January 2014	66,884	262,378	24,682	4,734	2,520	12,094	6,655	—	379,947
Additions	—	881	88	—	—	50	780	17,118	18,917
Disposals	—	(240)	—	—	—	(1,870)	—	—	(2,110)
Transfer	—	9,590	32	—	—	—	843	(10,465)	—
Exchange adjustments	(497)	(1,318)	(34)	—	—	(44)	(50)	(65)	(2,008)
At 31 December 2014	66,387	271,291	24,768	4,734	2,520	10,230	8,228	6,588	394,746
Accumulated depreciation:-									
At 1 January 2014	18,830	151,924	17,535	4,733	2,514	10,264	2,869	—	208,669
Charge for the year	2,484	8,558	625	1	3	339	579	—	12,589
Written-back on disposals	—	(41)	—	—	—	(1,683)	—	—	(1,724)
Exchange adjustments	(117)	(317)	(9)	—	—	(35)	(9)	—	(487)
At 31 December 2014	21,197	160,124	18,151	4,734	2,517	8,885	3,439	—	219,047
Net book value:-									
At 31 December 2014	45,190	111,167	6,617	—	3	1,345	4,789	6,588	175,699
Cost:-									
At 1 January 2015	**66,387**	**271,291**	**24,768**	**4,734**	**2,520**	**10,230**	**8,228**	**6,588**	**394,746**
Additions	**—**	**2,703**	**16**	**—**	**—**	**1,510**	**1,699**	**8,727**	**14,655**
Disposals	**—**	**(4,762)**	**(258)**	**—**	**—**	**(1,039)**	**(765)**	**—**	**(6,824)**
Transfer	**—**	**5,231**	**—**	**—**	**—**	**—**	**—**	**(5,231)**	**—**
Exchange adjustments	**(1,609)**	**(4,621)**	**(223)**	**—**	**—**	**(137)**	**(256)**	**(499)**	**(7,345)**
At 31 December 2015	**64,778**	**269,842**	**24,303**	**4,734**	**2,520**	**10,564**	**8,906**	**9,585**	**395,232**
Accumulated depreciation:-									
At 1 January 2015	**21,197**	**160,124**	**18,151**	**4,734**	**2,517**	**8,885**	**3,439**	**—**	**219,047**
Charge for the year	**2,462**	**8,435**	**660**	**—**	**1**	**516**	**648**	**—**	**12,722**
Written-back on disposals	**—**	**(2,825)**	**(188)**	**—**	**—**	**(908)**	**(631)**	**—**	**(4,552)**
Exchange adjustments	**(453)**	**(1,718)**	**(153)**	**—**	**—**	**(120)**	**(49)**	**—**	**(2,493)**
At 31 December 2015	**23,206**	**164,016**	**18,470**	**4,734**	**2,518**	**8,373**	**3,407**	**—**	**224,724**
Net book value:-									
At 31 December 2015	**41,572**	**105,826**	**5,833**	**—**	**2**	**2,191**	**5,499**	**9,585**	**170,508**

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's leasehold land and buildings are held under medium-term leases and situated in:-

	2015 HK$'000	2014 HK$'000
Hong Kong	**8,613**	9,208
Macau	**12,866**	13,633
The PRC	**20,093**	22,349
	41,572	45,190

Certain Group's property, plant and equipment were pledged to banks to secure banking facilities granted to the Group (Note 22), with the following net book values:-

	2015 HK$'000	2014 HK$'000
Leasehold land and buildings in Hong Kong	**8,465**	8,744
Leasehold land and buildings in Macau	**12,866**	13,633
Buildings in the PRC	**20,093**	22,349
	41,424	44,726

15. INTANGIBLE ASSETS

	2015 HK$'000	2014 HK$'000
Trademarks		
Cost:-		
At 1 January	**683**	613
Additions	**134**	70
At 31 December	**817**	683
Accumulated amortisation:-		
At 1 January	**378**	318
Amortisation for the year	**124**	60
At 31 December	**502**	378
Net book value:-		
At 31 December	**315**	305

16. PREPAID LAND LEASE PAYMENTS

	2015 HK$'000	2014 HK$'000
Cost:-		
At 1 January	**7,863**	7,994
Exchange adjustments	**(424)**	(131)
At 31 December	**7,439**	7,863
Accumulated amortisation:-		
At 1 January	**1,600**	1,393
Amortisation for the year	**228**	233
Exchange adjustments	**(96)**	(26)
At 31 December	**1,732**	1,600
Net book value:-		
At 31 December	**5,707**	6,263

	2015 HK$'000	2014 HK$'000
In the PRC held under medium-term leases	**5,707**	6,263
Less: Current portion	**(218)**	(231)
Non-current portion	**5,489**	6,032

Prepaid land lease payments represent cost of land use rights in respect of leasehold lands in the PRC, on which the Group's buildings are situated. These leases will expire in 2042.

At 31 December 2015 and 2014, prepaid land lease payments with net book values of HK$5,707,000 and HK$6,263,000 respectively were pledged to banks to secure banking facilities granted to the Group (Note 22).

17. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**17,674**	21,233
Work in progress	**14,557**	24,935
Finished goods	**17,775**	13,936
	50,006	60,104
Less : Write-down to net realisable value	**(1,193)**	(753)
	48,813	59,351

Movements of write-down to net realisable value on inventories are as follows:-

	2015 HK$'000	2014 HK$'000
At 1 January	**753**	937
Write-down/(reversal of write-down) to net realisable value for the year	**498**	(172)
Exchange adjustments	**(58)**	(12)
At 31 December	**1,193**	753

The write-down/(reversal of write-down) to net realisable value were included in the cost of inventories recognised as expenses.

The reversal of write-down to net realisable value made in prior year was mainly due to utilisation of obsolete raw materials and sale of substandard batteries arising from unexpected subsequent orders placed by customers during the year ended 31 December 2014.

18. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**41,054**	64,644
Less : Impairment loss	**(506)**	—
	40,548	64,644
Bills receivables	**624**	2,257
	41,172	66,901

The Group normally allows credit terms to well-established customers ranging from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Group.

18. TRADE AND BILLS RECEIVABLES *(continued)*

Impairment loss in respect of trade receivables is recorded using provision for doubtful debts account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables.

Movements of impairment loss on trade receivables are as follows:-

	2015 HK$'000	2014 HK$'000
At 1 January	**—**	—
Impairment loss for the year	**506**	542
Written off against trade receivables	**—**	(542)
At 31 December	**506**	—

An ageing analysis of trade and bills receivables, based on the invoice date and net of impairment loss on trade receivables, is as follows:-

	2015 HK$'000	2014 HK$'000
0–30 days	**22,061**	35,466
31–60 days	**8,327**	18,137
61–90 days	**5,650**	8,848
91–120 days	**2,255**	3,482
Over 120 days	**2,879**	968
	41,172	66,901

An ageing analysis of trade and bills receivables which are not considered to be impaired is as follows:-

	2015 HK$'000	2014 HK$'000
Not past due	**29,302**	49,885
Past due for less than 3 months	**10,768**	16,333
Past due for 3 to 6 months	**394**	492
Past due for 6 months to 1 year	**646**	191
Past due for over 1 year	**62**	—
	41,172	66,901

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

18. TRADE AND BILLS RECEIVABLES *(continued)*

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

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015 **HK$'000**	2014 HK$'000
Utilities and other deposits	**6,940**	923
Prepayments	**5,348**	9,344
Other receivables	**5,144**	8,769
	17,432	19,036
Less: Non-current portion		
Deposits paid for property, plant and equipment	**(4,994)**	—
Current portion	**12,438**	19,036

20. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods purchased, is as follows:-

	2015 **HK$'000**	2014 HK$'000
0–30 days	**17,953**	35,430
31–90 days	**31,901**	60,868
91–180 days	**21,594**	22,943
Over 180 days	**6,326**	4,971
	77,774	124,212

21. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

	Note	2015 HK$'000	2014 HK$'000
Loan from a former subsidiary (Note)	(a)	**11,000**	16,000
Receipts in advance		**6,219**	5,627
Other payables		**1,920**	2,264
Accruals		**7,174**	8,209
Interest payable		**—**	28
Provision for long service payments	(b)	**334**	334
Provision for annual leave		**346**	346
		26,993	32,808
Repayable within 1 year		**26,993**	21,808
Over 1 year	(a)	**—**	11,000
		26,993	32,808

Notes:-

(a) Loan from a former subsidiary

There was a loan amounted to HK$19,000,000 to Goldtium (Hong Kong) Company Limited ("**Goldtium (Hong Kong)**"), a former subsidiary of the Group, from a non-controlling shareholder of the Group's former subsidiary (the "**Loan Provider**"), Goldtium (Jiangmen) Battery Company Limited ("**Goldtium (Jiangmen) Battery**") (the "**Outstanding Indebtedness**"). The amount is interest-free and unsecured, of which HK$3,000,000 is repayable on or before 31 December 2014, HK$5,000,000 is repayable on or before 31 December 2015 and HK$11,000,000 is repayable on or before 31 December 2016 (the "**Loan Prepayment Terms**").

Upon the disposal of Techway (China) Limited, a subsidiary of the Group, on 23 July 2013 at a consideration of HK$100,000, Goldtium (Jiangmen) Battery and Goldtium (Hong Kong) ceased to be the subsidiaries of the Group. Since the Outstanding Indebtedness was excluded in the determination of consideration for the disposal, the directors consider that, based on the substance of the transaction, the Group is ultimately responsible for the repayment of the Outstanding Indebtedness.

According to the repayment agreement signed on 8 September 2014, Goldtium (Hong Kong) was appointed as the repayment agent of the Group for the repayment of the Outstanding Indebtedness. The Group shall pay the relevant amounts to Goldtium (Hong Kong) 10 days before the relevant due dates set out in the Loan Repayment Terms. Goldtium (Hong Kong), as the repayment agent, shall forthwith pay the relevant amounts to the Loan Provider within 3 days upon receipt of funds from the Group.

21. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS *(continued)*

(b) Provision for long service payments

Movements of provision for long service payments are as follows:-

	2015 HK$'000	2014 HK$'000
At 1 January	**334**	242
Provision for the year	**—**	92
At 31 December	**334**	334

22. BANK BORROWINGS

	Note	2015 HK$'000	2014 HK$'000
Secured bank loans		**67,854**	100,856
Secured bank import loans and other loans		**27,826**	55,488
	(a)	**95,680**	156,344
Less: Amount classified as current liabilities		**(59,140)**	(125,695)
Amount classified as non-current liabilities		**36,540**	30,649
The bank loans are repayable as follows:-			
Within 1 year			
— short-term loans		**47,508**	116,987
— current portion of long-term loans		**11,632**	8,708
		59,140	125,695
Over 1 year but within 2 years	(b)	**11,886**	6,518
Over 2 years but within 5 years	(b)	**21,312**	19,743
Over 5 years	(b)	**3,342**	4,388
		95,680	156,344

22. BANK BORROWINGS *(continued)*

Notes:-

(a) The Group had the following banking facilities:-

	2015 **HK$'000**	2014 HK$'000
Total banking facilities granted	**184,333**	230,727
Less: banking facilities utilised by the Group	**(95,680)**	(156,344)
Unutilised banking facilities	**88,653**	74,383

At 31 December 2015, these banking facilities are secured by:-

(i) unlimited corporate guarantee executed by the Company; and

(ii) prepaid land lease payments and leasehold buildings situated in Hong Kong, the PRC and Macau owned by the Group (Notes 14 and 16).

At 31 December 2014, these banking facilities were secured by:-

(i) corporate guarantee of HK$86,500,000 executed by the Company;

(ii) prepaid land lease payments any leasehold buildings and plant and machinery situated in Hong Kong, the PRC and Macau owned by the Group (Notes 14 and 16);

(iii) bank loans of HK$86,252,000 were guaranteed by Mr. Chu. The guarantee will be released upon the listing;

(iv) bank loans of HK$46,763,000 were guaranteed by unlimited cross corporate guarantee executed by the Group, its fellow subsidiary, a related company and a former subsidiary. The guarantees will be released upon the listing; and

(v) bank loans of HK$25,703,000 were guaranteed by unlimited corporate guarantee executed by the Group's fellow subsidiaries and related companies. The guarantees will be released upon the listing.

(b) The banking facilities granted to the Group requires the Group to meet the following financial covenant: to maintain net tangible assets of not less than HK$20,000,000. If the Group was to breach the above covenant, the banks were contractually entitled to request early repayment of outstanding amount and/or the relevant banks enforced the relevant securities. The Group regularly monitors the compliance with the financial covenant.

In the opinion of the directors, none of the financial covenant had been breached at 31 December 2015.

23. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Details of the share capital of the Company are set out below:-

Share capital

	Number of shares	2015 HK$'000	2014 HK$'000
Authorised:-			
Ordinary shares of HK$0.01 each			
At 1 January (Note 23(a))	39,000,000	**390**	390
Increase in authorised capital (Note 23(b))	1,961,000,000	**19,610**	—
At 31 December	2,000,000,000	**20,000**	390
Issued and fully paid:-			
160,000,000 ordinary shares of HK$0.01 each (2014: 100 ordinary shares of HK$0.01 each)		**1,600**	—

	Note	Number of shares in issue	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2014 and 31 December 2014	(a)	100	—	—	—
Issue of shares	(c)	56,000,000	560	75,040	75,600
Share issuing expenses		—	—	(14,175)	(14,175)
Capitalisation Issue	(d)	103,999,900	1,040	(1,040)	—
At 31 December 2015		**160,000,000**	**1,600**	**59,825**	**61,425**

Notes:-

(a) Pursuant to a written resolution of the shareholders passed on 15 May 2015, a share subdivision ("**Share Subdivision**") whereby each of the issued and unissued ordinary share with a par value of HK$1 each in the share capital of the Company be subdivided into 100 ordinary shares with a par value of HK$0.01 each ("**Subdivided Share(s)**"), such that the authorised share capital of the Company becomes HK$390,000 divided into 39,000,000 Subdivided Shares of par value of HK$0.01 each. The Subdivided Shares rank pari passu in all respects with each other in accordance with the Memorandum and Articles of Association of the Company.

(b) Pursuant to a written resolution of the shareholders passed on 15 May 2015, the authorised share capital of the Company was increased from HK$390,000 to HK$20,000,000 by the creation of an additional of 1,961,000,000 ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing shares of the Company.

23. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY *(continued)*

Share capital *(continued)*

Notes:- *(continued)*

(c) On 4 June 2015, 56,000,000 new ordinary shares of HK$0.01 each ("**Placing Share(s)**") were allotted and issued by way of placing offer at an issue price of HK$1.35 per Placing Share for a total cash consideration, before expenses, of HK$75,600,000. A premium of HK$1.34 per Placing Share for cash, the excess of the issue price over the par value of the shares issued upon the placing and public offer, totaling HK$75,040,000 was credited to the share premium account of the Company.

(d) Immediately after the placing offer, 103,999,900 new ordinary shares were allotted and issued, credit as fully paid, at par, to the shareholders in proportion to their respective shareholdings on the register of members of the Company as at the close of business on 4 June 2015 by way of the capitalisation of the share premium available (the "**Capitalisation Issue**").

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged during the years ended 31 December 2015 and 2014.

The capital structure of the Group consists of net debts (which include bank borrowings, loan from a former subsidiary and net of cash and cash equivalents) and equity attributable to owners of the Company, comprising paid-in capital and retained profits.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new debt or the redemption of existing debt.

24. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2014	—	—	2,094	2,094
Loss and total comprehensive loss for the year	—	—	(5,959)	(5,959)
Dividends declared (Note 12)	—	—	(2,000)	(2,000)
At 31 December 2014 and 1 January 2015	—	—	(5,865)	(5,865)
Loss and total comprehensive loss for the year	—	—	(15,346)	(15,346)
Issue of shares (Note 23(c))	75,040	—	—	75,040
Capitalisation Issue (Note 23(d))	(1,040)	—	—	(1,040)
Capital injection (Note 24(c)(iii)(c))	—	20,000	—	20,000
Share issuing expenses	(14,175)	—	—	(14,175)
At 31 December 2015	**59,825**	**20,000**	**(21,211)**	**58,614**

(c) Nature and purpose of reserves

(i) Statutory reserve

Pursuant to the Company Law of the PRC and the Articles of Association of the PRC subsidiaries, it is required to appropriate 10% of each year's net profit according to the PRC accounting standard and regulations (after offsetting previous years' losses) to statutory surplus reserve until such reserve reached 50% of its registered capital; after the appropriation to statutory surplus reserve, the subsidiary in the PRC can appropriate profit, subject to respective owners' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiaries. The statutory surplus reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of its registered capital.

(ii) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

24. RESERVES *(continued)*

(c) Nature and purpose of reserves *(continued)*

(iii) Capital reserve

The capital reserve of the Group represents the following:-

(a) On 4 January 2013, Best Kind Holdings Limited ("**Best Kind**") acquired all the non-voting deferred shares of Golden Power Industries Limited ("**Golden Power Industries**") at a cash consideration of HK$1,800,000, resulting in opening balance of HK$1,200,000 as at 1 January 2014.

(b) During the year ended 31 December 2014, as a part of Reorganisation, the Group acquired equity interest in Big Power Limited ("**Big Power**"), Golden Pilot Limited ("**Golden Pilot**"), Pointway Corporation Limited ("**Pointway**"), Ample Top Enterprises Limited ("**Ample Top**") and Golden Power Properties Limited ("**Golden Power Properties**"), of which Mr. Chu was the controlling shareholder before the acquisitions. Upon the completion of the acquisitions, the aforesaid companies became wholly-owned subsidiaries of the Group. The difference of HK$10,999,102 between the total cash consideration of HK$18,768,102 and the total carrying amount of net assets of these aforesaid companies of approximately HK$7,769,000 at respective acquisition dates, was dealt with in capital reserve of the Group.

Partial settlement of HK$8,731,000 was made in relation to the above Reorganisation. The balance of unpaid consideration of HK$10,037,000 was capitalised pursuant to an agreement dated 5 December 2014 as mentioned in Note 32.

(c) Pursuant to an agreement dated 5 December 2014, Mr. Chu injected HK$20,000,000 into the Company on 18 May 2015 and this amount was capitalised by crediting the capital reserve of the Company.

25. CONTINGENT LIABILITIES

At 31 December 2014, the Group issued a guarantee of HK$3,000,000 in respect of an instalment loan granted by a bank to a related company of the Group. The Group released the guarantee during the year of 31 December 2015 and accordingly, the Group had no contingent liabilities at 31 December 2015.

At 31 December 2015 and 2014, the maximum contingent liabilities of the Group under the guarantee issued was the amount of the instalment loan owed by the related company of the Group which amounted to HK$Nil and HK$2,600,000 respectively.

26. COMMITMENTS

Operating lease commitments

At 31 December 2015, the Group had outstanding commitments under non-cancellable operating lease, which falls due as follows:-

	2015 HK$'000	2014 HK$'000
Within one year		
— Plant and machinery	**213**	161
— Buildings	**4,052**	847
	4,265	1,008

Operating leases payments represent rentals payable by the Group for the factories and staff quarters. Lease is negotiated for a term of two to five years (2014: two to three years) with fixed monthly rentals.

Capital commitments

At 31 December 2015, the Group had outstanding capital commitments as follows:-

	2015 HK$'000	2014 HK$'000
Plant and machinery:		
Contracted but not provided for	**1,392**	3,746

27. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Related party and connected transactions

The Group had the following material transactions and balances with related parties as defined in HKAS 24 and/or connected person as defined in GEM Listing Rules during the years ended 31 December 2015 and 2014:-

	Relationship	2015 HK$'000	2014 HK$'000
Related parties transactions as defined in HKAS 24			
Rental income received from:-			
Golden Hills Industries Limited ("**Golden Hills**")	(i)	—	70
Rental expenses paid to:-			
China Scene Limited ("**China Scene**")*	(i)	**167**	144
Service fee income received from:-			
Golden Hills	(i)	—	163
Interest income received from:-			
Golden Power Rubber Products Ltd.	(i)	—	325
Non-exempt continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules			
Sales to:-			
Guangzhou Nan Hua Jin Li Electronics Limited ("**Nan Hua Jin Li**")	(ii)	**22,488**	26,566
Sales to:-			
Suenglh Corporation Limited ("**Suenglh**")	(iii)	**3,204**	—

* Exempt continuing transactions as defined in Chapter 20 of the GEM Listing Rules.

(i) Mr. Chu, an executive Director and Controlling Shareholder of the Company, has controlling interest.

(ii) Nan Hua Jin Li is legally and beneficially owned as to 71% by Mr. Zhu Chengxian, who is a nephew of Mr. Chu, a connected person of the Company.

(iii) Suenglh is legally and beneficially owned as to 100% by Mr. Zhu Chengxian, who is a nephew of Mr. Chu, a connected person of the Company.

27. RELATED PARTY TRANSACTIONS *(continued)*

(a) Related party and connected transactions *(continued)*

Details of the guarantees provided by the Group to a bank in respect of the banking facilities granted to a related company are set out in Note 25.

Details of the transactions with Mr. Chu in relation to the Reorganisation and capital injection are set out in Note 24(c)(iii)(b) and Note 24(c)(iii)(c).

Details of capitalisation of amount due to a fellow subsidiary, Golden Power Investments (B.V.I.) Limited ("**Golden Power Investments**"), are set out in Note 32.

(b) Commitments with related parties

The Group entered into operating lease arrangements as lessee with China Scene, a company controlled by Mr. Chu for a lease term of 3 years, subject to one-month termination notice. The total amount of rental expenses for the years ended 31 December 2015 and 2014 is disclosed in Note 27(a).

(c) Outstanding balances with related parties

The Group had no outstanding balances with related parties at 31 December 2015 and 2014.

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the directors and certain of the highest paid employees as disclosed in Note 9, is as follows:-

	2015 **HK$'000**	2014 HK$'000
Salaries, allowances and other benefits in kind	**5,956**	5,794
Discretionary bonuses	**956**	748
Contributions to defined contribution plans	**140**	134
	7,052	6,676

28. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees in the subsidiaries in the PRC are members of state-managed retirement benefit schemes (the "**Social Insurance Scheme**") operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefit. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the Social Insurance Scheme.

28. RETIREMENT BENEFIT COSTS *(continued)*

At the end of each reporting period, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefit scheme, available to reduce the contribution payable in the future years.

The following table summarises the contribution paid or payable by the Group for the above retirement schemes:-

	2015 HK$'000	2014 HK$'000
MPF Scheme	**568**	523
Social Insurance Scheme	**4,177**	4,971
	4,745	5,494

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

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

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to trade and bills receivables, deposits and other receivables and cash and bank balances. With respect to trade and bills receivables, the Group has adopted credit policies, which include the analysis of the financial position of its customers and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's cash and bank balances are held by major financial institutions located in Hong Kong and the PRC, which the management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets at 31 December 2015 and 2014, which represented the amounts of maximum exposure to credit risk, were as follows:-

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	**41,172**	66,901
Deposits and other receivables	**7,090**	9,692
Cash and bank balances	**24,918**	17,168
	73,180	93,761

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Credit risk *(continued)*

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2015 and 2014, 11% and 19% of the total trade and bills receivables were due from the Group's largest customer; 19% and 37% of the total trade and bills receivables were due from the Group's five largest customers respectively.

The cash and bank balances of the Group denominated in Renminbi amounted to HK$3,485,000 and HK$5,750,000 at 31 December 2015 and 2014 respectively. Renminbi is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Except for the financial guarantees given the Group as set out in Note 25, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at 31 December 2015 and 2014 is disclosed in Note 25.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations.

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

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Liquidity risk *(continued)*

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

	At 31 December 2015				
	Carrying amount HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Less than 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
Total amounts of contractual undiscounted obligations:-					
Trade payables	**77,774**	**77,774**	**77,774**	**—**	**—**
Other payables and accruals	**20,094**	**20,094**	**20,094**	**—**	**—**
Bank loans subject to a repayment on demand clause	**16,682**	**16,682**	**16,682**	**—**	**—**
Other bank borrowings	**78,998**	**83,972**	**44,844**	**35,618**	**3,510**
	193,548	**198,522**	**159,394**	**35,618**	**3,510**
Financial guarantees issued:-					
Maximum amount guaranteed (Note 25)	**—**	**—**	**—**	**—**	**—**

	At 31 December 2014				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Total amounts of contractual undiscounted obligations:-					
Trade payables	124,212	124,212	124,212	—	—
Other payables and accruals	26,501	26,501	15,501	11,000	—
Bank loans subject to a repayment on demand clause	72,467	72,467	72,467	—	—
Other bank borrowings	83,877	88,569	54,978	28,907	4,684
	307,057	311,749	267,158	39,907	4,684
Financial guarantees issued:-					
Maximum amount guaranteed (Note 25)	—	2,600	2,600	—	—

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Liquidity risk *(continued)*

The following table summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in page 87. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	At 31 December 2015				
	Carrying amount HK$'000	**Total contractual undiscounted cash flows HK$'000**	**Less than 1 year or on demand HK$'000**	**In 2 to 5 years HK$'000**	**Over 5 years HK$'000**
Bank loans subject to a repayment on demand clause	**16,682**	**16,751**	**16,751**	**—**	**—**

	At 31 December 2014				
	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Less than 1 year or on demand HK$'000	In 2 to 5 years HK$'000	Over 5 years HK$'000
Bank loans subject to a repayment on demand clause	72,467	72,989	72,989	—	—

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

Carrying amounts of financial assets and financial liabilities of the Group at 31 December 2015 and 2014 exposed to currency risk were as follows:-

	2015 HK$'000	2014 HK$'000
Financial assets denominated in foreign currencies:-		
Trade and bills receivables	**22,866**	62,054
Other receivables	**24**	2,615
Cash and bank balances	**12,792**	7,338
	35,682	72,007
Financial liabilities denominated in foreign currencies:-		
Trade payables	**(8,920)**	(13,823)
Other payables	**—**	(16,009)
Bank import loans	**(14,882)**	(33,113)
	(23,802)	(62,945)
Net financial assets exposed to currency risk	**11,880**	9,062

The net financial assets/(liabilities) of the Group denominated in a currency other than the functional currency of the entity to which they relate are analysed as follows:-

Entities with functional currency in Hong Kong dollars

	2015 HK$'000	2014 HK$'000
United States dollars	**5,804**	(9,624)
Japanese Yen	**21**	34
Euro	**(112)**	(47)
Renminbi	**1**	1
Other currencies	**71**	61
	5,785	(9,575)

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

Entities with functional currency in Renminbi

	2015 HK$'000	2014 HK$'000
United States dollars	**8,593**	20,347
Japanese Yen	**(2,519)**	(1,727)
Hong Kong dollars	**16**	17
Other currencies	**5**	—
	6,095	18,637

For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each reporting period.

The Group's entities in Hong Kong and the PRC adopt Hong Kong dollars and Renminbi as their functional currency respectively. Since Hong Kong dollars is pegged to United States dollars, material fluctuation in the exchange rate of Hong Kong dollars against United States dollars is remote, and therefore no sensitivity analysis has been prepared. For the currency risk from Hong Kong dollars against Japanese Yen, Euro and other currencies, and Renminbi against Hong Kong dollars, no sensitivity analysis has been prepared as the exposure is insignificant to the Group.

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in United States dollars against Renminbi and Renminbi against Japanese Yen to which the Group has significant exposure:-

	Year ended 31 December 2015		Year ended 31 December 2014	
	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000	Appreciation/ (depreciation) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits HK$'000
United States dollars/Renminbi	**5%**	**430**	5%	1,017
	(5%)	**(430)**	(5%)	(1,017)
Japanese Yen/ Renminbi	**3%**	**(76)**	3%	(52)
	(3%)	**76**	(3%)	52

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of each reporting period for presentation purposes.

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Currency risk *(continued)*

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of each reporting period which are denominated in a currency other than the functional currencies of the lender or the borrower.

Interest rate risk

The Group's interest rate risk arises primarily from bank balances and interest-bearing bank borrowings. The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group is closely monitored by the management and may enter into appropriate swap contracts, when it is considered significant and cost-effective, to manage the interest rate risk.

In respect of the Group's interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates and balances at 31 December 2015 and 2014:-

	Effective interest rate **%**	**2015** **HK$'000**
Variable rate financial assets		
Bank balances	0.00%–0.35%	**9,337**
Variable rate financial liabilities		
Secured bank loans	3.25%–6.44%	**(67,854)**
Secured bank import loans and other loans	3.01%–5.75%	**(27,826)**
		(86,343)

	Effective interest rate %	2014 HK$'000
Variable rate financial assets		
Bank balances	0.00%–0.35%	12,029
Variable rate financial liabilities		
Secured bank loans	2.22%–7.38%	(100,856)
Secured bank import loans and other loans	2.23%–7.56%	(55,488)
		(144,315)

At 31 December 2015, all bank balances earning variable interests and all secured bank borrowings bearing variable interests were exposed to interest rate risk.

The following table summarises the effect on the consolidated financial statements if interest rates had been increased by 25 basis points with all other variables held constant:-

	2015 **HK$'000**	2014 HK$'000
Decrease in net profit and retained profits for the year	**(176)**	(294)

29. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

Interest rate risk *(continued)*

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The change in interest rates represents management's assessment of a reasonably possible change in interest rates at that date over the period until the end of next reporting period.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices.

The Group has no significant exposure to market price risk.

Commodity price risk

The major raw materials used in the production of the Group's products include steel, zinc electrolytic manganese dioxide, copper, separator and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by the global market as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

Fair value estimation

The fair value measurement is categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:-

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group did not have any financial instruments measured at fair value on a recurring basis at the end of each reporting period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2015 and 2014 except for the non-current portion of other payables, for which the fair values (measured using Level 3 input) were HK$Nil and HK$9,789,000 respectively.

The fair values of the non-current portion of other payables are estimated as being present values of future cash flows, discounted at appropriate market rates estimated by the directors with reference to the Group's interest rates on bank borrowings at the end of each reporting period.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 HK$000	2014 HK$000
NON-CURRENT ASSET			
Investments in subsidiaries	31	**—**	—
CURRENT ASSETS			
Prepayments and other receivables		**125**	3,848
Amounts due from subsidiaries		**67,384**	—
Cash at bank		**98**	56
		67,607	3,904
CURRENT LIABILITIES			
Other payables and accruals		**1,448**	947
Amounts due to subsidiaries		**5,945**	8,822
		7,393	9,769
NET CURRENT ASSETS/(LIABILITIES)		**60,214**	(5,865)
NET ASSETS/(LIABILITIES)		**60,214**	(5,865)
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital	23	**1,600**	—
Reserves	24	**58,614**	(5,865)
TOTAL EQUITY/(CAPITAL DEFICIENCY)		**60,214**	(5,865)

31. INVESTMENTS IN SUBSIDIARIES

	2015 HK$	2014 HK$
Unlisted shares, at cost	**8**	8

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2015

31. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group

The Company had direct or indirect interests in the subsidiaries all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:-

Name of company*	Place of incorporation/ establishment and operation	Legal form of entity	Issued and fully paid share capital/ registered capital	Effective interest held At 31 December 2015	2014	Principal activities
Best Kind	BVI	Limited liability company	USD1	**100%**	100%	Investment holding
Golden Power Corporation (Hong Kong) Limited ("**Golden Power Corporation**")	Hong Kong	Limited liability company	HK$1,000,000	**100%**	100%	Trading of batteries and battery-related products
Golden Power Industries	Hong Kong	Limited liability company	Ordinary shares HK$100	**100%**	100%	General trading and investment
			Deferred non-voting shares HK$1,800,000 (Note)	**100%**	100%	
Dongguan Victory Battery Industries Company Limited ("**Dongguan Victory Battery**") ("**東莞勝力電池實業有限公司**")	PRC	Wholly-owned foreign enterprise	USD500,000	**100%**	100%	Manufacture and sale of batteries
Dongguan Golden Power Battery Industries Company Limited ("**Dongguan Golden Power**") ("**東莞金力電池實業有限公司**")	PRC	Wholly-owned foreign enterprise	HK$12,000,000	**100%**	100%	Manufacture and sale of batteries
Gain Smart Limited ("**Gain Smart**")	BVI	Limited liability company	USD1	**100%**	100%	Investment holding
Champ Profit Development Limited ("**Champ Profit**")	Hong Kong	Limited liability company	HK$1	**100%**	100%	Investment holding
Giant Moral Limited ("**Giant Moral**")	Hong Kong	Limited liability company	HK$1	**100%**	100%	General trading and investment
Goldtium (Jiangmen) Energy Products Company Limited ("**江門金剛電源製品有限公司**")	PRC	Wholly-owned foreign enterprise	HK$10,000,000	**100%**	100%	Manufacture and sale of batteries
Big Power	Hong Kong	Limited liability company	HK$1	**100%**	100%	Property holding
Golden Pilot	BVI	Limited liability company	USD50,000	**100%**	100%	Holding intellectual property
Pointway	Hong Kong	Limited liability company	HK$10,000	**100%**	100%	Holding intellectual property
Ample Top	BVI	Limited liability company	USD1	**100%**	100%	Investment holding
Golden Power Properties	Hong Kong	Limited liability company	Ordinary shares HK$100 Deferred non-voting shares HK$1,000,000 (Note)	**100%**	100%	Property investment

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

31. INVESTMENT IN SUBSIDIARIES *(continued)*

Details of subsidiaries comprising the Group *(continued)*

Notes:-

According to the Articles of Association of Golden Power Industries and Golden Power Properties, the deferred non-voting shares shall confer on the holders thereof the rights and privileges and be subject to the restrictions and provisions set out as follows:-

(i) on a return of assets on liquidation or otherwise the assets of Golden Power Industries and Golden Power Properties available for distribution to members shall be distributed first in or towards returning to the holders of the ordinary shares the sum of HK$100,000,000 per share and second in or towards returning to the holders of the deferred non-voting shares the amount paid up thereon and the balance of any such assets shall belong to and shall be distributed amongst the holders of the ordinary shares in proportion to the amounts paid up thereon;

(ii) the deferred non-voting shares shall not be entitled to participate in any profits which Golden Power Industries and Golden Power Properties may determine to distribute in respect of any financial period or otherwise; and

(iii) the deferred non-voting shares shall not confer upon the holders thereof any right to attend or vote at any general meeting of Golden Power Industries and Golden Power Properties.

32. MAJOR NON-CASH TRANSACTIONS

Immediately after the placing offer, 103,999,900 new ordinary shares of HK$0.01 each were allotted and issued, credit as fully paid, at par, to the shareholders in proportion to their respective shareholdings on the register of members of the Company as at the close of business on 4 June 2015 by way of the capitalisation of the share premium available.

On 5 September 2014, the Group acquired (i) 100,000 non-voting deferred shares in Golden Power Properties at a nominal consideration of HK$1; and (ii) 10 ordinary shares (representing 100% of issued ordinary shares) in Golden Power Properties at a cash consideration of HK$11,152,000, from a fellow subsidiary, Golden Power Investments. On 3 December 2014, the Group paid HK$1,115,000 and the remaining balance of HK$10,037,000 ("**Outstanding Consideration**") was included in amount due to Golden Power Investments.

As at 5 December 2014, the amount due to Golden Power Investments was approximately HK$19,618,000 which consisted of funds advanced to the Group of HK$9,581,000 and Outstanding Consideration of HK$10,037,000 (Note 24(c)(iii)(b)). Pursuant to an agreement dated 5 December 2014, the Group capitalised the amount due to Golden Power Investments by crediting the capital reserve.

Financial Summary

The financial results of the Group for the financial years 2013 to 2015 and the assets and liabilities of the Group as at 31 December 2013, 2014 and 2015 are as follows:-

	Years ended 31 December		
	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Results			
Revenue	366,499	384,752	**311,500**
Profit before income tax	9,755	16,820	**7,351**
Income tax expense	(3,167)	(5,127)	**(3,952)**
Profit for the year	6,588	11,693	**3,399**

	Years ended 31 December		
	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Assets and liabilities			
Total assets	364,047	352,509	**317,726**
Total liabilities	(317,569)	(317,492)	**(202,601)**
Total equity	46,478	35,017	**115,125**