The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Town Ray Holdings Limited
Alliance Capital Partners Limited

Dear Sirs,

We report on the historical financial information of Town Ray Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-60, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2019 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 2019 and the statements of financial position of the Company as at 31 December 2017 and 2018 and 30 April 2019 and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 15 October 2019 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design 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. Our work also included 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 Historical Financial Information.

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 2019 and of the Company as at 31 December 2017 and 2018 and 30 April 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2018 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
15 October 2019

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Consolidated Statements of Profit or Loss

		Years ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
REVENUE	*5*	361,071	358,801	373,462	106,563	144,562
Cost of sales		(253,916)	(253,210)	(268,117)	(80,834)	(99,449)
Gross profit		107,155	105,591	105,345	25,729	45,113
Other income and gains, net	*5*	4,888	32,605	8,202	1,009	1,778
Selling and distribution expenses		(10,121)	(7,711)	(8,691)	(2,665)	(2,426)
General and administrative expenses		(58,424)	(65,746)	(57,176)	(18,026)	(30,082)
Other expenses, net		(8,394)	(5,430)	(865)	(2,627)	(2,987)
Finance costs	*6*	(1,046)	(294)	(885)	(293)	(1,093)
PROFIT BEFORE TAX	*7*	34,058	59,015	45,930	3,127	10,303
Income tax expense	*10*	(11,091)	(9,551)	(7,891)	(236)	(5,055)
PROFIT FOR THE YEAR/ PERIOD		22,967	49,464	38,039	2,891	5,248
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*12*	N/A	N/A	N/A	N/A	N/A

Consolidated Statements of Comprehensive Income

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
PROFIT FOR THE YEAR/PERIOD	22,967	49,464	38,039	2,891	5,248
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(12,955)	14,023	(10,260)	7,778	810
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	10,012	63,487	27,779	10,669	6,058

Consolidated Statements of Financial Position

		As at 31 December			As at 30 April
		2016	**2017**	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	147,025	143,385	33,290	32,671
Right-of-use assets	*14*	15,992	16,125	30,211	30,389
Deposits paid for purchases of items of property, plant and equipment		1,763	3,495	593	789
Rental deposit	*17*	—	251	251	251
Deferred tax assets	*25*	3,143	6,754	2,137	1,596
Total non-current assets		167,923	170,010	66,482	65,696
CURRENT ASSETS					
Inventories	*15*	31,028	46,177	43,113	64,554
Trade receivables	*16*	61,486	68,973	79,810	64,880
Prepayments, deposits and other receivables	*17*	6,563	11,612	14,872	40,034
Due from related companies	*18*	78,967	103,889	13,765	—
Structured deposits	*19*	3,357	27,541	—	—
Pledged deposit	*20*	—	39,478	—	—
Cash and cash equivalents	*20*	60,237	28,287	51,857	67,749
		241,638	325,957	203,417	237,217
Assets held for sale	*21*	16,202	—	—	—
Total current assets		257,840	325,957	203,417	237,217

		As at 31 December			As at 30 April
		2016	2017	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES					
Trade payables	*22*	41,979	47,197	39,016	44,861
Other payables and accruals	*23*	22,761	28,163	14,248	16,716
Due to related companies	*18*	89,003	94,161	449	1,119
Interest-bearing bank borrowings	*24*	15,540	44,000	46,671	64,920
Lease liabilities	*14*	537	—	11,799	12,033
Tax payable		4,170	8,908	2,398	1,262
Total current liabilities		173,990	222,429	114,581	140,911
NET CURRENT ASSETS		83,850	103,528	88,836	96,306
TOTAL ASSETS LESS CURRENT LIABILITIES		251,773	273,538	155,318	162,002
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	—	—	18,450	18,642
Deferred tax liabilities	*25*	1,706	1,674	396	830
Total non-current liabilities		1,706	1,674	18,846	19,472
Net assets		250,067	271,864	136,472	142,530
EQUITY					
Issued capital	*26*	—	—	—	—
Reserves	*28*	250,067	271,864	136,472	142,530
Total equity		250,067	271,864	136,472	142,530

Consolidated Statements of Changes in Equity

	Notes	Issued capital HK$'000	Merger reserve HK$'000 (note 28(a))	Capital contribution reserve HK$'000 (note 28(b))	Share-based payment reserve HK$'000 (note 28(c))	Statutory reserve funds HK$'000 (note 28(d))	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2016		—	174,044	—	—	—	18,307	47,704	240,055
Profit for the year		—	—	—	—	—	—	22,967	22,967
Other comprehensive loss for the year:									
Exchange differences on translation of a foreign operation		—	—	—	—	—	(12,955)	—	(12,955)
Total comprehensive income for the year		—	—	—	—	—	(12,955)	22,967	10,012
At 31 December 2016 and at 1 January 2017		—	174,044*	—*	—*	—*	5,352*	70,671*	250,067
Profit for the year		—	—	—	—	—	—	49,464	49,464
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		—	—	—	—	—	14,023	—	14,023
Total comprehensive income for the year		—	—	—	—	—	14,023	49,464	63,487
Dividends	11	—	—	—	—	—	—	(51,740)	(51,740)
Shares awarded to certain key management personnel	27	—	—	—	10,050	—	—	—	10,050
Transfer to statutory reserve funds		—	—	—	—	3,896	—	(3,896)	—
At 31 December 2017 and at 1 January 2018		—	174,044*	—*	10,050*	3,896*	19,375*	64,499*	271,864
Profit for the year		—	—	—	—	—	—	38,039	38,039
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations		—	—	—	—	—	(10,260)	—	(10,260)
Total comprehensive income for the year		—	—	—	—	—	(10,260)	38,039	27,779
Dividend	11	—	—	—	—	—	—	(32,229)	(32,229)
Deemed distribution to the controlling shareholder	29	—	(164,044)	—	—	(7,477)	(9,265)	(13,156)	(193,942)
Capital contribution from the controlling shareholder	30(a)	—	—	63,000	—	—	—	—	63,000
Transfer to statutory reserve funds		—	—	—	—	3,581	—	(3,581)	—
At 31 December 2018		—	10,000*	63,000*	10,050*	—*	(150)*	53,572*	136,472

	Notes	Issued capital HK$'000	Merger reserve HK$'000 (note 28(a))	Capital contribution reserve HK$'000 (note 28(b))	Share-based payment reserve HK$'000 (note 28(c))	Statutory reserve funds HK$'000 (note 28(d))	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2019		—	10,000	63,000	10,050	—	(150)	53,572	136,472
Profit for the period		—	—	—	—	—	—	5,248	5,248
Other comprehensive income for the period:									
Exchange differences on translation of a foreign operation		—	—	—	—	—	810	—	810
Total comprehensive income for the period		—	—	—	—	—	810	5,248	6,058
At 30 April 2019		—	10,000*	63,000*	10,050*	—*	660*	58,820*	142,530
(Unaudited)									
At 1 January 2018		—	174,044	—	10,050	3,896	19,375	64,499	271,864
Profit for the period		—	—	—	—	—	—	2,891	2,891
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		—	—	—	—	—	7,778	—	7,778
Total comprehensive income for the period		—	—	—	—	—	7,778	2,891	10,669
At 30 April 2018		—	174,044	—	10,050	3,896	27,153	67,390	282,533

* These reserve accounts comprise the consolidated reserves of HK$250,067,000, HK$271,864,000, HK$136,472,000 and HK$142,530,000 in the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively.

Consolidated Statements of Cash Flows

		Years ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		34,058	59,015	45,930	3,127	10,303
Adjustments for:						
Finance costs	*6*	1,046	294	885	293	1,093
Interest income	*5*	(44)	(69)	(1,066)	(339)	(77)
Fair value gains on structured deposits	*5*	(70)	(1,038)	(333)	(141)	(8)
Gain on disposal of assets held for sale	*5*	—	(30,029)	—	—	—
Depreciation of property, plant and equipment	*7*	20,383	16,710	16,073	6,513	2,814
Depreciation of right-of-use assets	*7*	1,363	937	1,362	460	3,825
Loss on disposal of items of property, plant and equipment, net	*7*	8,632	355	87	—	—
Write-down/(reversal of write-down) of inventories to net realisable value	*7*	1,037	180	44	(186)	(218)
Impairment of trade receivables, net	*7*	(238)	51	615	389	1,103
Equity-settled share-based payment expense	*7*	—	10,050	—	—	—
		66,167	56,456	63,597	10,116	18,835
Decrease/(increase) in inventories		2,577	(14,695)	1,743	828	(20,355)
Decrease/(increase) in trade receivables		(9,703)	(4,531)	(11,780)	25,193	13,837
Decrease/(increase) in prepayments, deposits and other receivables		5,575	(4,704)	(4,812)	(1,145)	(24,905)
Decrease/(increase) in amounts due from related companies		1,698	(22,613)	32,331	17,143	(20,074)
Increase/(decrease) in trade payables		(51)	2,199	(4,063)	(11,548)	5,023
Increase/(decrease) in other payables and accruals		(4,731)	4,194	(4,724)	7,950	2,304
Increase/(decrease) in amounts due to related companies		(4,678)	(520)	46,752	6,752	33,759
Cash generated from operations		56,854	15,786	119,044	55,289	8,424
Overseas tax paid		(3,013)	(8,751)	(12,871)	(9,853)	(5,286)
Net cash flows from operating activities		53,841	7,035	106,173	45,436	3,138

	Notes	Years ended 31 December 2016 HK$'000	2017 HK$'000	2018 HK$'000	Four months ended 30 April 2018 HK$'000 (Unaudited)	2019 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		44	69	1,066	339	77
Purchases of items of property, plant and equipment		(5,051)	(7,506)	(20,581)	(18,554)	(1,386)
Proceeds from disposal of assets held for sale		—	47,054	—	—	—
Proceeds from disposal of items of property, plant and equipment		—	4,305	3,787	—	—
Decrease/(increase) in deposits paid for purchases of items of property, plant and equipment		(216)	(1,555)	2,841	3,160	(184)
Purchases of structured deposits		(75,099)	(173,674)	(103,714)	(73,585)	(8,191)
Proceeds from redemption of structured deposits		73,736	152,738	130,710	72,304	8,221
Increase in pledged deposit		—	(38,168)	(235)	—	—
Net cash flows from/(used in) investing activities		(6,586)	(16,737)	13,874	(16,336)	(1,463)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		57,704	62,975	49,817	—	49,420
Repayment of bank borrowings		(50,674)	(34,515)	(47,146)	(11,000)	(31,171)
Repayment of loan from a related company		(40,000)	—	—	—	—
Principal portion of lease payments		(529)	(537)	(911)	(299)	(3,576)
Dividends paid		—	(51,740)	(32,229)	—	—
Deemed distribution to the controlling shareholder	*29*	—	—	(61,764)	—	—
Interest paid		(1,046)	(294)	(885)	(293)	(1,093)
Net cash flows from/(used in) financing activities		(34,545)	(24,111)	(93,118)	(11,592)	13,580
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,710	(33,813)	26,929	17,508	15,255
Cash and cash equivalents at beginning of year/period		50,178	60,237	28,287	28,287	51,857
Effect of foreign exchange rate changes, net		(2,651)	1,863	(3,359)	498	637
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		60,237	28,287	51,857	46,293	67,749
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		60,237	28,287	51,857	46,293	67,749

Statements of Financial Position of the Company

		As at 31 December		As at 30 April
		2017	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSET				
Investment in a subsidiary		—	—	—
CURRENT ASSETS				
Prepayments		—	31	3,538
Due from a subsidiary	*18*	—	62,870	50,870
Cash and cash equivalents	*20*	—	54	677
Total current assets		—	62,955	55,085
CURRENT LIABILITIES				
Other payable and accrual		—	—	574
Due to a subsidiary	*18*	—	—	3,500
Total current liabilities		—	—	4,074
Net assets		—	62,955	51,011
EQUITY				
Issued capital	*26*	—	—	—
Reserves		—	62,955	51,011
Total equity		—	62,955	51,011

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 10/F., Block A, Chung Mei Centre, 15 Hing Yip Street, Kwun Tong, Kowloon.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally engaged in the manufacture and sale of electrothermic household appliances.

In preparation for the listing of the Company's shares on the Stock Exchange, a business transfer agreement was entered into between 東保利電業(惠州)有限公司 ("**Tunbow (Huizhou)**") and 登輝電器(惠州)有限公司 ("**Town Ray (Huizhou)**"), pursuant to which the business of manufacture and sale of electrothermic household appliances formerly operated by Tunbow (Huizhou) (the "**PRC Manufacture and Sale Business**") was transferred to Town Ray (Huizhou) and the business transfer (the "**Business Transfer**") was completed on 31 December 2018. As further explained in note 2.1 to the Historical Financial Information, the results and cash flows of the PRC Manufacture and Sale Business are included in the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group since the date when the PRC Manufacture and Sale Business first came under the common control of Tunbow Investments (BVI) (as defined in note 2.1 to the Historical Financial Information). The assets and liabilities of the PRC Manufacture and Sale Business are included in the consolidated statements of financial position of the Group using the existing book values from Tunbow Investments (BVI)'s perspective. The assets and liabilities which were not transferred, assigned or novated to Town Ray (Huizhou) as at 31 December 2018 were accounted for as a deemed distribution as detailed in note 29 to the Historical Financial Information.

The Company and its subsidiaries now comprising the Group underwent a group reorganisation (the "**Reorganisation**") as set out in the paragraphs headed "Reorganisation" in the section headed "History, development and Reorganisation" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

In the opinion of the directors, the holding company of the Company is Modern Expression Limited, a company incorporated in the British Virgin Islands.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its 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	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Town Ray Investments (BVI) Limited *(note (a))*	British Virgin Islands/ Hong Kong 27 September 2017	US$1	100	—	Investment holding
Town Ray Development Limited *(note (a))*	British Virgin Islands/ Hong Kong 27 September 2017	US$1	—	100	Investment holding
Town Ray Enterprises Limited *(note (a))*	British Virgin Islands/ Hong Kong 27 September 2017	US$1	—	100	Investment holding

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Tunbow Group Limited *(note (b))*	Hong Kong 21 November 2007	HK$10,000,000	—	100	Trading of electrothermic household appliances
Town Ray Hong Kong Limited *(note (b))*	Hong Kong 19 October 2017	HK$1	—	100	Investment holding
Town Ray (Huizhou) *(note (c))*	People's Republic of China ("**PRC**")/ Mainland China 14 December 2017	HK$30,000,000	—	100	Manufacture and sale of electrothermic household appliances

Notes:

(a) No statutory financial statements have been prepared for these entities since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(b) The statutory financial statements of these entities for the years ended 31 December 2016, 2017 and 2018 (or since the date of incorporation, where later than the beginning of the Relevant Periods) prepared under Hong Kong Financial Reporting Standards ("**HKFRSs**") were audited by Ernst & Young, Hong Kong.

(c) Town Ray (Huizhou) is registered as a wholly-foreign-owned enterprise under the PRC law. The statutory financial statements for the year ended 31 December 2018 prepared under the PRC Generally Accepted Accounting Principles were audited by 惠州市東方會計師事務所有限公司, certified public accountants registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraphs headed "Reorganisation" in the section headed "History, development and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group and the PRC Manufacture and Sale Business were under the common control of the controlling shareholder, Tunbow Investments (BVI) Limited ("**Tunbow Investments (BVI)**"), before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation and the Business Transfer had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the four months ended 30 April 2018 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of Tunbow Investments (BVI), where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from Tunbow Investments (BVI)'s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for structured deposits which have been measured at fair value. Assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Historical Financial Information.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

Fair value measurement

The Group measures its structured deposits at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for ''Non-current assets held for sale''. 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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 on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.5%
Leasehold improvements	Over the shorter of the lease terms and 4.5%
Plant and machinery	9%
Furniture, fixtures and equipment	18% to 20%
Moulds	18% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant and buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and prepaid land lease payments classified as held for sale are not depreciated or amortised.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of electrothermic household appliances and tooling

Revenue from the sale of electrothermic household appliances and tooling is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the electrothermic household appliances and acceptance of the tooling.

(b) Consultancy income

Revenue from consultancy services is recognised over time as consultancy services are rendered.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Other than the costs which are capitalised as inventories and property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using both the income and market approaches.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the 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 of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Estimation uncertainty

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognised tax losses at 31 December 2017 and 2018 were HK$3,858,000 and HK$782,000, respectively. The amount of unrecognised tax losses at 31 December 2016 was HK$39,250,000. Further details are contained in note 25 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the electrothermic household appliance manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16 to the Historical Financial Information.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the estimated net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the carrying amounts of inventories were HK$31,028,000, HK$46,177,000, HK$43,113,000 and HK$64,554,000, respectively.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Europe	271,143	261,361	308,373	79,276	126,132
Asia	51,201	53,541	32,148	15,226	7,845
United States	21,583	33,444	28,802	8,800	9,971
Others	17,144	10,455	4,139	3,261	614
	361,071	358,801	373,462	106,563	144,562

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	693	72	1,958	2,599
Mainland China	164,087	162,933	62,136	61,250
	164,780	163,005	64,094	63,849

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from external customers contributing over 10% of the total revenue of the Group is as follows:

	Years ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Customer I	84,778	36,236	45,803	N/A*	N/A*
Customer II	65,149	74,425	57,899	24,959	17,063
Customer III	60,021	57,699	N/A*	10,687	N/A*
Customer IV	N/A*	52,551	37,859	15,329	20,421
Customer V	N/A*	N/A*	55,191	N/A*	48,645

* *Nil or less than 10% of revenue*

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Years ended 31 December			30 April	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue from contracts with customers	361,071	358,801	373,462	106,563	144,562

Revenue from contracts with customers

(i) Disaggregated revenue information

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Type of goods					
Sale of electrothermic household appliances	354,131	353,792	362,321	101,529	144,333
Sale of tooling	6,940	5,009	11,141	5,034	229
Total revenue from contracts with customers	361,071	358,801	373,462	106,563	144,562
Timing of revenue recognition					
Goods transferred at a point in time	361,071	358,801	373,462	106,563	144,562

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of electrothermic household appliances

The performance obligation is satisfied upon delivery of the electrothermic household appliances and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Sale of tooling

The performance obligation is satisfied upon transfer of control of the tooling and payment is generally due upon achievement of milestone and customer acceptance.

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Other income					
Bank interest income	44	69	1,066	339	77
Consultancy income	575	890	1,243	259	295
Others	901	579	1,228	270	1,398
	1,520	1,538	3,537	868	1,770
Gains, net					
Fair value gains on structured deposits	70	1,038	333	141	8
Foreign exchange differences, net	3,298	—	4,332	—	—
Gain on disposal of assets held for sale	—	30,029	—	—	—
	3,368	31,067	4,665	141	8
	4,888	32,605	8,202	1,009	1,778

6. FINANCE COSTS

	Years ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest on bank loans	321	291	791	257	547
Interest on loan from a related company	714	—	—	—	—
Interest on lease liabilities	11	3	94	36	546
	1,046	294	885	293	1,093

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Years ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cost of inventories sold		253,916	253,210	268,117	80,834	99,449
Depreciation of property, plant and equipment*	*13*	20,383	16,710	16,073	6,513	2,814
Depreciation of right-of-use assets*	*14*	1,363	937	1,362	460	3,825
Rental expenses from leases of low-value assets		16	9	18	6	6
Auditor's remuneration		540	732	773	205	400
Employee benefit expense (including directors' remuneration *(note 8)*)*:						
Wages, salaries, bonuses and allowance		78,256	78,321	78,446	25,703	22,984
Equity-settled share-based payment expense	*27*	—	10,050	—	—	—
Pension scheme contributions (defined contribution schemes)		8,973	9,149	9,091	3,125	3,803
		87,229	97,520	87,537	28,828	26,787
Foreign exchange differences, net		(3,298)	3,682^	(4,332)	2,238^	1,884^
Write-down/(reversal of write-down) of inventories to net realisable value*		1,037	180	44	(186)	(218)
Impairment of trade receivables, net^	*16*	(238)	51	615	389	1,103
Loss on disposal of items of property, plant and equipment, net^		8,632	355	87	—	—
Listing expenses		—	—	—	—	11,826

* The cost of inventories sold for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 included depreciation charge of property, plant and equipment of HK$17,818,000, HK$14,294,000, HK$14,101,000, HK$5,773,000 (unaudited) and HK$2,746,000, depreciation charge of right-of-use assets of HK$750,000, HK$365,000, HK$373,000, HK$130,000 (unaudited) and HK$3,173,000 and employee benefit expense of HK$50,318,000, HK$48,321,000, HK$47,538,000, HK$16,184,000 (unaudited) and HK$13,333,000, respectively.

In addition, the cost of inventories sold included write-down of inventories to net realisable value of HK$1,037,000, HK$180,000 and HK$44,000 for the years ended 31 December 2016, 2017 and 2018, respectively, and reversal of write-down of inventories to net realisable value of HK$186,000 (unaudited) and HK$218,000 for the four months ended 30 April 2018 and 2019, respectively.

^ Included in "Other expenses, net" in the consolidated statements of profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Chan Wai Ming, Mr. Chiu Wai Kwong, Ms. Tang Mei Wah, Mr. Yu Kwok Wai, Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie were appointed as directors of the Company on 28 September 2017. Mr. Chan Wai Ming also serves as the chief executive of the Company.

Mr. Chan Wai Ming, Mr. Chiu Wai Kwong, Ms. Tang Mei Wah and Mr. Yu Kwok Wai were re-designated as executive directors of the Company on 28 February 2019. Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie were re-designated as non-executive directors of the Company on 28 February 2019. Subsequent to the end of the Relevant Periods, Mr. Chan Ping Yim, Mr. Choi Chi Leung Danny and Mr. Chan Shing Jee were appointed as independent non-executive directors of the Company on 3 October 2019.

During the Relevant Periods and the four months ended 30 April 2018, certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries or their capacity as employees of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Fees	Salaries, bonuses and allowances	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2016					
Mr. Chan Wai Ming	—	793	—	12	805
Mr. Chiu Wai Kwong	—	1,315	—	18	1,333
Ms. Tang Mei Wah	30	584	—	18	632
Mr. Yu Kwok Wai	30	777	—	18	825
Dr. Chan Kam Kwong Charles	—	480	—	12	492
Ms. Cheng Yuk Sim Connie	—	480	—	12	492
	60	4,429	—	90	4,579
Year ended 31 December 2017					
Mr. Chan Wai Ming	—	1,172	1,874	18	3,064
Mr. Chiu Wai Kwong	—	1,355	1,533	18	2,906
Ms. Tang Mei Wah	50	602	1,874	18	2,544
Mr. Yu Kwok Wai	50	629	1,874	18	2,571
Dr. Chan Kam Kwong Charles	—	720	—	18	738
Ms. Cheng Yuk Sim Connie	—	720	—	18	738
	100	5,198	7,155	108	12,561

	Fees	Salaries, bonuses and allowances	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2018					
Mr. Chan Wai Ming	—	1,207	—	18	1,225
Mr. Chiu Wai Kwong	—	1,380	—	18	1,398
Ms. Tang Mei Wah	120	639	—	18	777
Mr. Yu Kwok Wai	120	584	—	18	722
Dr. Chan Kam Kwong Charles	—	720	—	18	738
Ms. Cheng Yuk Sim Connie	—	720	—	18	738
	240	5,250	—	108	5,598
Four months ended 30 April 2018 (unaudited)					
Mr. Chan Wai Ming	—	366	—	6	372
Mr. Chiu Wai Kwong	—	421	—	6	427
Ms. Tang Mei Wah	—	191	—	6	197
Mr. Yu Kwok Wai	—	171	—	6	177
Dr. Chan Kam Kwong Charles	—	240	—	6	246
Ms. Cheng Yuk Sim Connie	—	240	—	6	246
	—	1,629	—	36	1,665
Four months ended 30 April 2019					
Mr. Chan Wai Ming	—	382	—	6	388
Mr. Chiu Wai Kwong	—	426	—	6	432
Ms. Tang Mei Wah	—	218	—	6	224
Mr. Yu Kwok Wai	—	204	—	6	210
Dr. Chan Kam Kwong Charles	—	270	—	6	276
Ms. Cheng Yuk Sim Connie	—	270	—	6	276
	—	1,770	—	36	1,806

During the Relevant Periods and the four months ended 30 April 2018, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 30 April 2018.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 included 1, 4, 2, 2 (unaudited) and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods and the four months ended 30 April 2018 of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries, bonuses and allowances	4,017	785	3,337	992	1,112
Equity-settled share-based payment expense	—	1,533	—	—	—
Pension scheme contributions (defined contribution scheme)	72	18	54	18	18
	4,089	2,336	3,391	1,010	1,130

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018** (Unaudited)	**2019**
Nil to HK$1,000,000	1	—	—	3	3
HK$1,000,001 to HK$1,500,000	3	—	3	—	—
HK$2,000,001 to HK$2,500,000	—	1	—	—	—
	4	1	3	3	3

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax has been made during the year ended 31 December 2016 as the Group did not generate any assessable profits arising in Hong Kong during that year. No provision for Hong Kong profits tax has been made during the years ended 31 December 2017 and 2018 and the four months ended 30 April 2018 as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during those years/period. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the four months ended 30 April 2019. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current — Hong Kong					
Charge for the year/period	—	—	—	—	860
Current — Mainland China					
Charge for the year/period	9,679	12,996	4,880	22	3,225
Underprovision/(overprovision) in prior years	(227)	229	—	—	—
Deferred *(note 25)*	1,639	(3,674)	3,011	214	970
Total tax charge for the year/period	11,091	9,551	7,891	236	5,055

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the tax charge at the Group's effective tax rate is as follows:

	Years ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before tax	34,058	59,015	45,930	3,127	10,303
Tax at the Hong Kong statutory tax rate of 16.5%	5,620	9,737	7,578	516	1,700
Difference in tax rates applied for specific provinces or local authority	3,387	4,539	2,391	(363)	1,140
Adjustments in respect of current tax of previous periods	(227)	229	—	—	—
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	1,084	(146)	(565)	—	427
Effect of super deduction on eligible research and development expenses of the Group's PRC subsidiaries	—	—	(1,607)	—	(211)
Income not subject to tax	(4)	(36)	(49)	(22)	(11)
Expenses not deductible for tax	537	1,738	156	29	2,013
Tax losses utilised from previous periods	—	(2,618)	—	—	—
Tax losses recognised from previous periods	—	(3,858)	—	—	—
Tax losses not recognised	607	—	—	—	—
Others	87	(34)	(13)	76	(3)
Tax charge at the Group's effective tax rate	11,091	9,551	7,891	236	5,055

11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The dividends declared by subsidiaries of the Company to the then shareholders during the Relevant Periods and the four months ended 30 April 2018 are as follows:

	Years ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Tunbow Group Limited	—	16,675	—	—	—
Tunbow (Huizhou)	—	35,065	32,229	—	—
	—	51,740	32,229	—	—

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of preparation of the results of the Group for the Relevant Periods and the four months ended 30 April 2018 as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Moulds	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2016							
At 1 January 2016:							
Cost	127,661	36,788	44,231	7,899	28,929	212	245,720
Accumulated depreciation	(26,193)	(12,524)	(13,769)	(3,895)	(7,439)	—	(63,820)
Net carrying amount	101,468	24,264	30,462	4,004	21,490	212	181,900
At 1 January 2016, net of accumulated depreciation	101,468	24,264	30,462	4,004	21,490	212	181,900
Additions	—	125	444	206	4,276	—	5,051
Disposals	—	(192)	(1,734)	(28)	(6,678)	—	(8,632)
Depreciation provided during the year	(5,618)	(3,591)	(3,364)	(1,237)	(6,573)	—	(20,383)
Transfer to assets held for sale *(note 21)*	—	—	—	—	—	(199)	(199)
Exchange realignment	(6,198)	(1,388)	(2,271)	(224)	(618)	(13)	(10,712)
At 31 December 2016, net of accumulated depreciation	89,652	19,218	23,537	2,721	11,897	—	147,025
At 31 December 2016:							
Cost	119,565	34,322	38,399	7,490	16,483	—	216,259
Accumulated depreciation	(29,913)	(15,104)	(14,862)	(4,769)	(4,586)	—	(69,234)
Net carrying amount	89,652	19,218	23,537	2,721	11,897	—	147,025
31 December 2017							
At 31 December 2016 and at 1 January 2017:							
Cost	119,565	34,322	38,399	7,490	16,483	—	216,259
Accumulated depreciation	(29,913)	(15,104)	(14,862)	(4,769)	(4,586)	—	(69,234)
Net carrying amount	89,652	19,218	23,537	2,721	11,897	—	147,025
At 1 January 2017, net of accumulated depreciation	89,652	19,218	23,537	2,721	11,897	—	147,025
Additions	—	1,108	932	883	4,583	—	7,506
Disposals	(115)	(2,536)	(791)	(6)	(1,212)	—	(4,660)
Depreciation provided during the year	(5,566)	(3,390)	(3,339)	(1,178)	(3,237)	—	(16,710)
Exchange realignment	6,097	1,226	2,013	173	715	—	10,224
At 31 December 2017, net of accumulated depreciation	90,068	15,626	22,352	2,593	12,746	—	143,385
At 31 December 2017:							
Cost	127,796	34,686	41,641	8,924	20,203	—	233,250
Accumulated depreciation	(37,728)	(19,060)	(19,289)	(6,331)	(7,457)	—	(89,865)
Net carrying amount	90,068	15,626	22,352	2,593	12,746	—	143,385

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Moulds	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2018							
At 31 December 2017 and at 1 January 2018:							
Cost	127,796	34,686	41,641	8,924	20,203	—	233,250
Accumulated depreciation	(37,728)	(19,060)	(19,289)	(6,331)	(7,457)	—	(89,865)
Net carrying amount	90,068	15,626	22,352	2,593	12,746	—	143,385
At 1 January 2018, net of accumulated depreciation	90,068	15,626	22,352	2,593	12,746	—	143,385
Additions	7,117	3,019	1,766	475	8,204	—	20,581
Disposals	—	(128)	(83)	(456)	(3,207)	—	(3,874)
Depreciation provided during the year	(5,853)	(1,850)	(3,231)	(921)	(4,218)	—	(16,073)
Deemed distribution to Tunbow Investments (BVI) *(note 29)*	(87,390)	(14,978)	(2,009)	(128)	—	—	(104,505)
Exchange realignment	(3,942)	(626)	(1,129)	(89)	(438)	—	(6,224)
At 31 December 2018, net of accumulated depreciation	—	1,063	17,666	1,474	13,087	—	33,290
At 31 December 2018:							
Cost	—	1,075	18,442	1,585	13,865	—	34,967
Accumulated depreciation	—	(12)	(776)	(111)	(778)	—	(1,677)
Net carrying amount	—	1,063	17,666	1,474	13,087	—	33,290
30 April 2019							
At 31 December 2018 and at 1 January 2019:							
Cost	—	1,075	18,442	1,585	13,865	—	34,967
Accumulated depreciation	—	(12)	(776)	(111)	(778)	—	(1,677)
Net carrying amount	—	1,063	17,666	1,474	13,087	—	33,290
At 1 January 2019, net of accumulated depreciation	—	1,063	17,666	1,474	13,087	—	33,290
Additions	—	—	232	316	838	—	1,386
Depreciation provided during the period	—	(24)	(1,236)	(120)	(1,434)	—	(2,814)
Exchange realignment	—	22	472	34	281	—	809
At 30 April 2019, net of accumulated depreciation	—	1,061	17,134	1,704	12,772	—	32,671
At 30 April 2019:							
Cost	—	1,098	19,158	1,937	14,987	—	37,180
Accumulated depreciation	—	(37)	(2,024)	(233)	(2,215)	—	(4,509)
Net carrying amount	—	1,061	17,134	1,704	12,772	—	32,671

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Right-of-use assets				
Prepaid land lease payments	15,459	16,125	—	—
Leased properties	533	—	30,211	30,389
	15,992	16,125	30,211	30,389
Lease liabilities				
Current portion	537	—	11,799	12,033
Non-current portion	—	—	18,450	18,642
	537	—	30,249	30,675

The movements in right-of-use assets and lease liabilities during the Relevant Periods are as follows:

Right-of-use assets — Prepaid land lease payments

		As at 31 December			As at 30 April
		2016	**2017**	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period		34,441	15,459	16,125	—
Depreciation charge during the year/period		(830)	(404)	(413)	—
Transfer to assets held for sale	*21*	(16,003)	—	—	—
Deemed distribution to Tunbow Investments (BVI)	*29*	—	—	(14,985)	—
Exchange realignment		(2,149)	1,070	(727)	—
At end of year/period		15,459	16,125	—	—

Right-of-use assets — Leased properties

The Group leases its workshop, ancillary office, factory, warehouse and staff quarters from related companies under operating lease arrangements. The leases are negotiated for terms ranging from two to three years.

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	—	533	—	30,211
Additions	1,066	—	31,160	3,388
Depreciation charge during the year/period	(533)	(533)	(949)	(3,825)
Exchange realignment	—	—	—	615
At end of year/period	533	—	30,211	30,389

Lease liabilities

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	—	537	—	30,249
Additions	1,066	—	31,160	3,388
Interest expense during the year/period	11	3	94	546
Payments during the year/period	(540)	(540)	(1,005)	(4,122)
Exchange realignment	—	—	—	614
At end of year/period	537	—	30,249	30,675

15. INVENTORIES

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	14,677	21,956	21,786	33,517
Work in progress	7,346	12,145	9,757	13,701
Finished goods	9,005	12,076	11,570	17,336
	31,028	46,177	43,113	64,554

16. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	61,608	69,145	80,572	66,745
Impairment	(122)	(172)	(762)	(1,865)
	61,486	68,973	79,810	64,880

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	32,039	28,603	47,998	29,058
31 to 90 days	28,463	40,340	28,830	29,854
Over 90 days	984	30	2,982	5,968
	61,486	68,973	79,810	64,880

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of year/period	380	122	172	762
Impairment losses, net *(note 7)*	(238)	51	615	1,103
Amount written off as uncollectible	(20)	(1)	(25)	—
At end of year/period	122	172	762	1,865

Impairment under HKFRS 9

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than 120 days and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2016

		Past due			
	Current	**Less than 30 days**	**31 to 90 days**	**Over 90 days**	**Total**
Expected credit loss rate	0.18%	0.18%	0.25%	28.43%	0.20%
Gross carrying amount *(HK$'000)*	53,816	7,698	43	51	61,608
Expected credit loss *(HK$'000)*	94	14	—	14	122

As at 31 December 2017

	Current	Past due: Less than 30 days	Past due: 31 to 90 days	Past due: Over 90 days	Total
Expected credit loss rate	0.24%	0.25%	0.31%	7.88%	0.25%
Gross carrying amount *(HK$'000)*	56,726	12,177	189	53	69,145
Expected credit loss *(HK$'000)*	137	30	1	4	172

As at 31 December 2018

	Current	Past due: Less than 30 days	Past due: 31 to 90 days	Past due: Over 90 days	Total
Expected credit loss rate	0.71%	0.73%	0.93%	20.31%	0.95%
Gross carrying amount *(HK$'000)*	73,510	5,521	586	955	80,572
Expected credit loss *(HK$'000)*	523	40	5	194	762

As at 30 April 2019

	Current	Past due: Less than 30 days	Past due: 31 to 90 days	Past due: Over 90 days	Total
Expected credit loss rate	0.89%	1.43%	14.09%	93.96%	2.79%
Gross carrying amount *(HK$'000)*	59,465	5,370	672	1,238	66,745
Expected credit loss *(HK$'000)*	530	77	95	1,163	1,865

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 30 April 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	1,161	1,448	1,396	6,224
Deposits	31	297	295	295
Other receivables	5,371	10,118	13,432	33,766
	6,563	11,863	15,123	40,285
Less: Portion classified as non-current assets	—	(251)	(251)	(251)
Portion classified as current assets	6,563	11,612	14,872	40,034

Included in the Group's deposits as at 31 December 2017 and 2018 and 30 April 2019 is an amount due from Tunbow Properties Limited, a related company controlled by Tunbow Investments (BVI), of HK$251,000, HK$251,000 and HK$251,000, respectively, which is unsecured, interest-free and repayable after the expiration of the tenancy agreement entered into between the Group and Tunbow Properties Limited.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default.

The Group has applied the general approach to measure expected credit loss for deposits and other receivables and considered the past event, current conditions and forecasts of future economic conditions in calculating the expected credit loss rate. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the expected credit loss rate for deposits and other receivables was assessed to be minimal.

18. BALANCES WITH RELATED COMPANIES AND SUBSIDIARIES

The balances with related companies and subsidiaries are unsecured, interest-free and repayable on demand.

An analysis of the amounts due from related companies and a subsidiary is as follows:

Group

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due from related companies				
Tunbow Investments (BVI)[#]	67,974	101,616	13,691	—
SARL Tunbow Technologies*^	2,487	—	—	—
東保利精密機械(惠州)有限公司 (Tunbow Precision Machinery (Huizhou) Limited)*[#]	8,506	—	—	—
東保達電子(惠州)有限公司 (Tunbow Electronics (Huizhou) Limited)*[#]	—	2,273	—	—
東保利電業(深圳)有限公司 (Dongbaoli Electrical (Shenzhen) Co., Ltd.) ("**Dongbaoli (Shenzhen)**")*[#]	—	—	74	—
	78,967	103,889	13,765	—

Company

	As at 31 December 2018	As at 30 April 2019
	HK$'000	*HK$'000*
Due from a subsidiary		
Town Ray Hong Kong Limited[#]	62,870	50,870

An analysis of the amounts due to related companies and a subsidiary is as follows:

Group

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due to related companies				
Tunbow Investments (BVI)[#]	—	6,122	—	1,035
Oriental Purchasing Limited*^	26,190	—	—	—
Tunbow Electrical (BVI) Limited*[#]	3,845	3,846	—	—
Dongbaoli (Shenzhen)*[+]	58,968	84,193	—	—
東保達電子(惠州)有限公司 (Tunbow Electronics (Huizhou) Limited)*[#]	—	—	447	—
Tunbow (Huizhou)*^	—	—	2	—
Tunbow Properties Limited*[#]	—	—	—	84
	89,003	94,161	449	1,119

Company

	As at 30 April 2019
	HK$'000
Due to a subsidiary	
Tunbow Group Limited#	3,500

* These related companies are controlled by Tunbow Investments (BVI).

^ These balances are trade-related.

These balances are non-trade-related.

+ These balances are partly trade-related and partly non-trade-related.

19. STRUCTURED DEPOSITS

The structured deposits as at 31 December 2016 and 2017 were wealth management products issued by a bank in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows were not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSIT

Group

		As at 31 December			As at 30 April
		2016	2017	2018	2019
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances		60,237	28,287	51,857	49,115
Time deposits		—	39,478	—	18,634
		60,237	67,765	51,857	67,749
Less: Pledged deposit for banking facilities and bank borrowings	24	—	(39,478)	—	—
Cash and cash equivalents		60,237	28,287	51,857	67,749

Company

	As at 31 December 2018	As at 30 April 2019
	HK$'000	*HK$'000*
Bank balance	54	677

As at 31 December 2016, 2017 and 2018 and 30 April 2019, the cash and cash equivalents of the Group denominated in Renminbi ("**RMB**") amounted to HK$5,767,000, HK$5,282,000, HK$10,296,000 and HK$7,940,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposit are deposited with creditworthy banks with no recent history of default.

21. ASSETS HELD FOR SALE

On 3 November 2016, the Group entered into an agreement (the "**Land Disposal Agreement**") with the local government in Huizhou, the PRC in relation to the expropriation of certain land use rights of the Group by the local government for a consideration of RMB40,056,000. The Land Disposal Agreement was subject to approval by the relevant government authorities.

In the opinion of the directors, the disposal was considered highly probable and was expected to be completed within one year from the date of reclassification. Accordingly, prepaid land lease payments and the related construction in progress with a carrying amount of HK$16,003,000 and HK$199,000, respectively, were classified as assets held for sale as at 31 December 2016.

During the year ended 31 December 2017, the disposal was completed, resulting in a gain on disposal of assets held for sale of HK$30,029,000.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	16,033	18,693	14,997	21,903
31 to 90 days	23,423	27,256	22,155	21,552
Over 90 days	2,523	1,248	1,864	1,406
	41,979	47,197	39,016	44,861

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 60 days.

23. OTHER PAYABLES AND ACCRUALS

		As at 31 December			As at 30 April
		2016	**2017**	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Contract liabilities	*(a)*	2,795	5,848	1,338	4,586
Other payables	*(b)*	3,229	4,786	137	435
Accruals		16,737	17,529	12,773	11,695
		22,761	28,163	14,248	16,716

Notes:

(a) Contract liabilities are short-term advances received from customers for sale of goods.

(b) Other payables are non-interest-bearing and have an average term of three months.

24. INTEREST-BEARING BANK BORROWINGS

	31 December 2016			31 December 2017			31 December 2018			30 April 2019		
	Contractual interest rate (%)	*Maturity*	*HK$'000*	*Contractual interest rate (%)*	*Maturity*	*HK$'000*	*Contractual interest rate (%)*	*Maturity*	*HK$'000*	*Contractual interest rate (%)*	*Maturity*	*HK$'000*
Portions of bank loans due for repayment within one year or on demand — secured	Hong Kong Interbank Offered Rate ("**HIBOR**")+1.2 to London Interbank Offered Rate ("**LIBOR**")+1.2	2017	15,540	HIBOR+0.8 to HIBOR+1.75	2018	37,000	LIBOR+1.2 to HIBOR+1.75	2019	33,671	LIBOR+1.2 to HIBOR+1.75	2019–2020	53,420
Portions of bank loans due for repayment after one year which contain repayment on demand clause *(note)* — secured	—	—	—	HIBOR+1.75	2019–2022	7,000	HIBOR+1.75	2020–2023	13,000	HIBOR+1.75	2020–2023	11,500
			15,540			44,000			46,671			64,920

Note:

Certain term loans of the Group containing repayment on demand clauses as at 31 December 2017 and 2018 and 30 April 2019 with carrying amounts of HK$9,000,000, HK$17,000,000 and HK$15,500,000, respectively, have been classified in total as current liabilities. Accordingly, portions of the bank loans due for repayment after one year as at 31 December 2017 and 2018 and 30 April 2019 with carrying amounts of HK$7,000,000, HK$13,000,000 and HK$11,500,000, respectively, have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of these term loans, the Group's bank borrowings are repayable:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	15,540	37,000	33,671	53,420
In the second year	—	2,000	4,000	4,000
In the third to fifth years, inclusive	—	5,000	9,000	7,500
	15,540	44,000	46,671	64,920

(a) The Group's bank borrowings are secured by:

(i) the pledge of investment properties of Tunbow Properties Limited, a related company controlled by Tunbow Investments (BVI); and

(ii) the pledge of time deposit of Tunbow (Huizhou) amounting to HK$39,478,000 and HK$37,891,000 as at 31 December 2017 and 2018, respectively.

(b) The Group's bank borrowings are guaranteed by:

(i) Tunbow Investments (BVI) up to HK$105,000,000, HK$105,000,000 and HK$105,000,000 as at 31 December 2017 and 2018 and 30 April 2019, respectively;

(ii) Tunbow Electrical Limited, Oriental Purchasing Limited and Aves Digital Limited, related companies controlled by Tunbow Investments (BVI), up to HK$50,000,000 as at 31 December 2016, which were released during the year ended 31 December 2017; and

(iii) Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie, directors of the Company, up to HK$50,000,000, HK$50,000,000, HK$50,000,000 and HK$50,000,000 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively.

(c) Except for bank borrowings of HK$5,299,000, HK$29,671,000 and HK$26,585,000 as at 31 December 2016 and 2018 and 30 April 2019, respectively, which are denominated in United States dollars ("**USD**"), the remaining bank borrowings are denominated in Hong Kong dollars.

25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Withholding tax
	HK$'000
At 1 January 2016	713
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	1,084
Exchange realignment	(91)
At 31 December 2016 and at 1 January 2017	1,706
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 10)*	(146)
Exchange realignment	114
At 31 December 2017 and at 1 January 2018	1,674
Deferred tax credited to the consolidated statement of profit or loss during the year *(note 10)*	(565)
Deemed distribution to Tunbow Investments (BVI) *(note 29)*	(656)
Exchange realignment	(57)
At 31 December 2018 and at 1 January 2019	396
Deferred tax charged to the consolidated statement of profit or loss during the period *(note 10)*	427
Exchange realignment	7
At 30 April 2019	830

Deferred tax assets

	Depreciation in excess of related depreciation allowances	Losses available for offsetting against future taxable profits	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	2,420	—	1,357	3,777
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	(447)	—	(108)	(555)
Exchange realignment	—	—	(79)	(79)
At 31 December 2016 and at 1 January 2017	1,973	—	1,170	3,143
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year *(note 10)*	(398)	3,858	68	3,528
Exchange realignment	—	—	83	83
At 31 December 2017 and at 1 January 2018	1,575	3,858	1,321	6,754
Deferred tax charged to the consolidated statement of profit or loss during the year *(note 10)*	(467)	(3,076)	(33)	(3,576)
Deemed distribution to Tunbow Investments (BVI) *(note 29)*	—	—	(987)	(987)
Exchange realignment	—	—	(54)	(54)
At 31 December 2018 and at 1 January 2019	1,108	782	247	2,137
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the period *(note 10)*	(92)	(782)	331	(543)
Exchange realignment	—	—	2	2
At 30 April 2019	1,016	—	580	1,596

The Group had tax losses arising in Hong Kong of HK$39,250,000, HK$23,384,000 and HK$4,742,000 as at 31 December 2016, 2017 and 2018, respectively, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against the future taxable profits of the companies in which the losses arose.

Deferred tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised based on management's forecasted future taxable profits, which are based on (i) the availability of taxable temporary differences relating to the same taxation authority and the same taxable entity; (ii) whether the unused tax losses resulted from identifiable causes which are unlikely to recur; and (iii) the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax assets had not been recognised in respect of tax losses of HK$39,250,000 as at 31 December 2016 as, in the opinion of the directors, it was not considered probable that future taxable profits would be available against which such tax losses could be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:				
38,000,000 ordinary shares of HK$0.01 each	—	380	380	380
Issued and fully paid:				
11,178 ordinary shares of HK$0.01 each	—	—	—	—

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 28 September 2017. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

On 28 September 2017 (date of incorporation), 1 ordinary share of HK$0.01 was issued at par as share capital. On the same date, 10,174 additional ordinary shares of HK$0.01 each were issued to Tunbow Investments (BVI) at par as additional share capital.

On 9 October 2017, 1,003 additional ordinary shares of HK$0.01 each were issued to certain key management personnel of the Group, who are directors of the Company and/or employees of the Group, at par in exchange for services rendered by them.

27. SHARE-BASED PAYMENT TRANSACTION

On 9 October 2017, the Company allotted and issued 1,003 additional ordinary shares of HK$0.01 each (the "**Awarded Shares**") to certain key management personnel of the Group, who are directors of the Company and/or employees of the Group, at par in exchange for services rendered by them.

The fair value of the Awarded Shares as at 9 October 2017 was estimated at HK$10,050,000 using both the income and market approaches. The equity-settled share-based payment expense of HK$10,050,000 was charged to the consolidated statement of profit or loss during the year ended 31 December 2017.

28. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the four months ended 30 April 2018 are presented in the consolidated statements of changes in equity on pages I-8 to I-9 of this report.

(a) Merger reserve

The merger reserve represents the nominal value of the paid-up capital of the subsidiaries acquired by the Company pursuant to the Reorganisation set out in note 2.1 to the Historical Financial Information. The movement in merger reserve represented the deemed distribution of the nominal value of the paid-up capital of Tunbow (Huizhou).

(b) Capital contribution reserve

Capital contribution reserve represents capital contribution of HK$63,000,000 from Tunbow Investments (BVI).

(c) Share-based payment reserve

The share-based payment reserve represents the fair value of the Awarded Shares awarded to certain key management personnel of the Group in exchange for services rendered by them, as further explained in the accounting policy for share-based payments in note 2.4 to the Historical Financial Information.

(d) Statutory reserve funds

Pursuant to the relevant laws and regulations in Mainland China, a portion of the profits of the Company's subsidiaries in Mainland China has been transferred to the statutory reserve funds which are restricted as to use.

29. DEEMED DISTRIBUTION TO TUNBOW INVESTMENTS (BVI)

Pursuant to the business transfer agreement entered into between Tunbow (Huizhou) and Town Ray (Huizhou) on 21 August 2018, as part of the Reorganisation, the PRC Manufacture and Sale Business formerly operated by Tunbow (Huizhou) was transferred to Town Ray (Huizhou) at a consideration of RMB1 and the transfer was completed on 31 December 2018. The assets and liabilities of Tunbow (Huizhou) set out below were not transferred, assigned or novated to Town Ray (Huizhou) as at 31 December 2018 and were treated as a deemed distribution to Tunbow Investments (BVI) in connection with the Reorganisation.

	Notes	**31 December 2018** *HK$'000*
Net assets distributed:		
Property, plant and equipment	*13*	104,505
Right-of-use assets	*14*	14,985
Deferred tax assets	*25*	987
Prepayments, deposits and other receivables		829
Due from related companies		81,080
Tax recoverable		1,455
Pledged deposit		37,891
Cash and cash equivalents		61,764
Trade payables		(2,091)
Other payables and accruals		(8,406)
Due to related companies		(98,401)
Deferred tax liabilities	*25*	(656)
		193,942

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 December 2018, Tunbow Investments (BVI) made a capital contribution of HK$63,000,000 to the Group, which was settled through current account with Tunbow Investments (BVI).

(b) Changes in liabilities arising from financing activities

31 December 2016

	Loan from a related company *HK$'000*	Interest-bearing bank borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2016	40,000	8,510	—
Changes from financing cash flows	(40,000)	7,030	(529)
Non-cash change:			
New lease	—	—	1,066
At 31 December 2016	—	15,540	537

31 December 2017

	Interest-bearing bank borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2017	15,540	537
Changes from financing cash flows	28,460	(537)
At 31 December 2017	44,000	—

31 December 2018

	Interest-bearing bank borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2018	44,000	—
Changes from financing cash flows	2,671	(911)
Non-cash changes:		
New leases	—	31,160
At 31 December 2018	46,671	30,249

30 April 2019

	Interest-bearing bank borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2019	46,671	30,249
Changes from financing cash flows	18,249	(3,576)
Non-cash changes:		
New leases	—	3,388
Foreign exchange movement	—	614
At 30 April 2019	64,920	30,675

31. COMMITMENTS

The Group had following capital commitments at the end of each of the Relevant Periods:

	As at 31 December 2016 HK$'000	As at 31 December 2017 HK$'000	As at 31 December 2018 HK$'000	As at 30 April 2019 HK$'000
Contracted, but not provided for:				
Plant and machinery	718	1,223	342	545
Moulds	1,869	6,022	650	188
Construction in progress	4,514	4,831	—	—
	7,101	12,076	992	733

32. RELATED PARTY TRANSACTIONS

(a) In addition to the balances, arrangements and transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the four months ended 30 April 2018:

	Notes	Years ended 31 December 2016 HK$'000	Years ended 31 December 2017 HK$'000	Years ended 31 December 2018 HK$'000	Four months ended 30 April 2018 HK$'000 (Unaudited)	Four months ended 30 April 2019 HK$'000
SARL Tunbow Technologies*:						
Sales of goods	*(i)*	3,847	5,078	—	—	—
Promotion expense	*(iii)*	2,176	—	—	—	—
Wecan Holdings Limited*:						
Sales of goods	*(i)*	1	—	—	—	—
Purchases of goods	*(i)*	123	—	—	—	—
Tunbow Electrical (BVI) Limited*:						
Interest expense	*(ii)*	714	—	—	—	—
Oriental Purchasing Limited*:						
Purchases of raw materials	*(i)*	209	—	—	—	—
Logistic management service fee expense	*(iii)*	45	—	—	—	—
東保達電子(惠州)有限公司 (Tunbow Electronics (Huizhou) Limited)*:						
Service fee expense	*(iii)*	3,575	—	—	—	—
Purchases of items of property, plant and equipment	*(iv)*	—	932	447	—	—
Tunbow Properties Limited*						
Lease payments	*(v)*	540	540	1,005	335	335
Tunbow (Huizhou)*:						
Lease payments	*(v)*	—	—	—	—	3,787
Tunbow Electrical Limited*:						
Management fee expense	*(vi)*	2,300	—	—	—	—
Multimax International Limited^:						
Commission expense	*(vii)*	401	—	—	—	—
Tunbow Charity Foundation Limited#:						
Charitable donations	*(viii)*	2,300	—	—	—	—

* These related companies are controlled by Tunbow Investments (BVI).

^ This related company is jointly controlled by Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie, directors of the Company.

\# The directors of the charity fund are also directors of the Company.

Notes:

(i) These were related to the sales and purchases of raw materials, electrothermic household appliances to/from the related companies at terms mutually agreed between relevant parties.

(ii) The interest expense to the related company arose from the loan advanced therefrom, which was unsecured, bore interest at 5.5% per annum and was repaid during the year ended 31 December 2016.

(iii) These expenses were charged by the related companies in respect of the provision of various services to the Group at terms mutually agreed between relevant parties.

(iv) The purchases of items of property, plant and equipment from the related company were made at the net carrying amount at the date of purchase.

(v) The lease payments were charged by the related companies at monthly fixed amounts as detailed in notes 32(b)(ii) and 32(b)(iii).

(vi) The management fee expense was charged by the related company in respect of the provision of management services at terms mutually agreed between the relevant parties. The related company ceased to provide management services to the Group with effect from 1 May 2016.

(vii) The commission expense was charged by the related company in respect of the introduction of customer orders to the Group based on 1% of the transaction value.

(viii) The charitable donations were made to the charity fund, of which the directors are also directors of the Company.

(b) Other transactions with related parties:

(i) The Group has given a guarantee to a bank in connection with banking facilities granted to certain related companies up to HK$50,000,000 as at 31 December 2016, which were not utilised by the related companies. The guarantee was released during the year ended 31 December 2017.

(ii) On 31 December 2015, the Group entered into a tenancy agreement with Tunbow Properties Limited, a related company controlled by Tunbow Investments (BVI), for the lease of premises for a term of 2 years ended 31 December 2017 at a monthly rent of HK$45,000. On 22 December 2017, the tenancy agreement was renewed for another term of 3 years ending 31 December 2020 at a monthly rent of HK$83,790. On 1 April 2019, the tenancy agreement was renewed for another term ending 31 December 2021 at a monthly rent of HK$83,790.

(iii) On 1 October 2018, the Group entered into a tenancy agreement with Tunbow (Huizhou) for the lease of premises for a term of 3 years ending 30 September 2021 at a monthly rent of RMB810,150. On 1 April 2019, the tenancy agreement was renewed for another term ending 31 December 2021 at a monthly rent of RMB810,150.

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executive's remuneration as disclosed in note 8 to the Historical Financial Information, is as follows:

	Years ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Short term employee benefits	9,569	10,558	11,057	3,257	3,655
Post-employment benefits	195	214	215	71	72
Equity-settled share-based payment expense	—	10,050	—	—	—
Total compensation paid to key management personnel	9,764	20,822	11,272	3,328	3,727

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss:				
Structured deposits	3,357	27,541	—	—
Financial assets at amortised cost:				
Trade receivables	61,486	68,973	79,810	64,880
Financial assets included in prepayments, deposits and other receivables	956	5,715	1,795	27,772
Due from related companies	78,967	103,889	13,765	—
Pledged deposit	—	39,478	—	—
Cash and cash equivalents	60,237	28,287	51,857	67,749
	201,646	246,342	147,227	160,401
	205,003	273,883	147,227	160,401

Financial liabilities

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities at amortised cost:				
Trade payables	41,979	47,197	39,016	44,861
Financial liabilities included in other payables and accruals	5,636	7,749	4,476	5,030
Due to related companies	89,003	94,161	449	1,119
Interest-bearing bank borrowings	15,540	44,000	46,671	64,920
Lease liabilities	537	—	30,249	30,675
	152,695	193,107	120,861	146,605

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposit, trade receivables, the current portion of financial assets included in prepayments, deposits and other receivables, balances with related companies, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and the current portion of lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portions of financial assets included in prepayments, deposits and other receivables, and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in structured deposits, which represent wealth management products issued by a bank in Mainland China. The Group has estimated the fair value of these structured deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Structured deposits	—	3,357	—	3,357

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Structured deposits	—	27,541	—	27,541

The Group did not have any financial assets measured at fair value as at 31 December 2018 and 30 April 2019 or any financial liabilities measured at fair value as at 31 December 2016, 2017 and 2018 and 30 April 2019.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, balances with related companies, structured deposits, pledged deposit, trade payables, financial liabilities included in other payables and accruals, and lease liabilities, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk. The Group mitigates this risk by closely monitoring the movements in interest rates and reviewing its available credit facilities and their utilisation regularly.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*
31 December 2016		
Hong Kong dollar	25	(26)
Hong Kong dollar	(25)	26
United States dollar	25	(13)
United States dollar	(25)	13
31 December 2017		
Hong Kong dollar	25	(110)
Hong Kong dollar	(25)	110
31 December 2018		
Hong Kong dollar	25	(43)
Hong Kong dollar	(25)	43
United States dollar	25	(74)
United States dollar	(25)	74
30 April 2019		
Hong Kong dollar	25	(96)
Hong Kong dollar	(25)	96
United States dollar	25	(66)
United States dollar	(25)	66

Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the RMB and USD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in RMB/USD rate	Increase/ (decrease) in profit before tax
	%	*HK$'000*
31 December 2016		
If the Hong Kong dollar weakens against the RMB	5.0	187
If the Hong Kong dollar strengthens against the RMB	(5.0)	(187)
If the Hong Kong dollar weakens against the USD	5.0	5,085
If the Hong Kong dollar strengthens against the USD	(5.0)	(5,085)
31 December 2017		
If the Hong Kong dollar weakens against the RMB	5.0	447
If the Hong Kong dollar strengthens against the RMB	(5.0)	(447)
If the Hong Kong dollar weakens against the USD	5.0	3,134
If the Hong Kong dollar strengthens against the USD	(5.0)	(3,134)
31 December 2018		
If the Hong Kong dollar weakens against the RMB	5.0	(434)
If the Hong Kong dollar strengthens against the RMB	(5.0)	434
If the Hong Kong dollar weakens against the USD	5.0	2,379
If the Hong Kong dollar strengthens against the USD	(5.0)	(2,379)
30 April 2019		
If the Hong Kong dollar weakens against the RMB	5.0	473
If the Hong Kong dollar strengthens against the RMB	(5.0)	(473)
If the Hong Kong dollar weakens against the USD	5.0	3,363
If the Hong Kong dollar strengthens against the USD	(5.0)	(3,363)

Credit risk

The Group mainly transacts with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2016

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables*	—	—	—	61,608	61,608
Financial assets included in prepayments, deposits and other receivables					
— Normal**	956	—	—	—	956
Due from related companies					
— Not yet past due	78,967	—	—	—	78,967
Cash and cash equivalents					
— Not yet past due	60,237	—	—	—	60,237
	140,160	—	—	61,608	201,768

As at 31 December 2017

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables*	—	—	—	69,145	69,145
Financial assets included in prepayments, deposits and other receivables					
— Normal**	5,715	—	—	—	5,715
Due from related companies					
— Not yet past due	103,889	—	—	—	103,889
Pledged deposit					
— Not yet past due	39,478	—	—	—	39,478
Cash and cash equivalents					
— Not yet past due	28,287	—	—	—	28,287
	177,369	—	—	69,145	246,514

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables*	—	—	—	80,572	80,572
Financial assets included in prepayments, deposits and other receivables					
— Normal**	1,795	—	—	—	1,795
Due from related companies					
— Not yet past due	13,765	—	—	—	13,765
Cash and cash equivalents					
— Not yet past due	51,857	—	—	—	51,857
	67,417	—	—	80,572	147,989

As at 30 April 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables*	—	—	—	66,745	66,745
Financial assets included in prepayments, deposits and other receivables					
— Normal**	27,772	—	—	—	27,772
Cash and cash equivalents					
— Not yet past due	67,749	—	—	—	67,749
	95,521	—	—	66,745	162,266

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be ''normal'' when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be ''doubtful''.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 23%, 22%, 23% and 26%, and 83%, 80%, 77% and 71% of the Group's trade receivables as at 31 December 2016, 2017 and 2018 and 30 April 2019 were due from the Group's largest customer and the five largest customers, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2016		
	On demand	**Less than 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	—	41,979	41,979
Financial liabilities included in other payables and accruals	—	5,636	5,636
Due to related companies	89,003	—	89,003
Interest-bearing bank borrowings *(note)*	15,540	—	15,540
Lease liabilities	—	540	540
	104,543	48,155	152,698

	31 December 2017		
	On demand	**Less than 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	—	47,197	47,197
Financial liabilities included in other payables and accruals	—	7,749	7,749
Due to related companies	94,161	—	94,161
Interest-bearing bank borrowings *(note)*	44,000	—	44,000
	138,161	54,946	193,107

	31 December 2018			
	On demand	**Less than 1 year**	**1 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	—	39,016	—	39,016
Financial liabilities included in other payables and accruals	—	4,476	—	4,476
Due to related companies	449	—	—	449
Interest-bearing bank borrowings *(note)*	46,671	—	—	46,671
Lease liabilities	—	12,101	20,422	32,523
	47,120	55,593	20,422	123,135

	30 April 2019			
	On demand	**Less than 1 year**	**1 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	—	44,861	—	44,861
Financial liabilities included in other payables and accruals	—	5,030	—	5,030
Due to related companies	1,119	—	—	1,119
Interest-bearing bank borrowings *(note)*	64,920	—	—	64,920
Lease liabilities	—	12,338	20,564	32,902
	66,039	62,229	20,564	148,832

Note:

Included in the above interest-bearing bank borrowings of the Group as at 31 December 2017 and 2018 and 30 April 2019 are term loans with carrying amounts of HK$9,000,000, HK$17,000,000 and HK$15,500,000, respectively. The loan agreements contain a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months from the end of each of the Relevant Periods, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the Historical Financial Information; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans which contain a repayment on demand clause, the maturity profile of those loans as at the end of each of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	Less than 1 year	**1 to 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2017	2,230	7,381	9,611
As at 31 December 2018	4,522	13,757	18,279
As at 30 April 2019	4,568	12,284	16,852

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Capital of the Group comprises all components of shareholder's equity.

36. EVENT AFTER THE RELEVANT PERIODS

There were no significant events of the Group after the Relevant Periods.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2019.