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United Pacific Industries

United Pacific Industries Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 176)
Websites: www.upi.com.hk
www.irasia.com/listco/hk/upi

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

RESULTS

The Board of Directors ("the Board") of United Pacific Industries Limited ("United Pacific Industries", "UPI" or the "Company") is pleased to announce the consolidated results of UPI and its subsidiaries (the "Group") for the year ended 30 September 2014 as set out below compared with the audited consolidated results for the year ended 30 September 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Note	**2014** ***HK$'000***	2013 *HK$'000* *(restated)*
Continuing operations			
Revenue	3	**286,249**	226,282
Cost of sales		**(244,786)**	(195,072)
Gross profit		**41,463**	31,210
Other income	4	**61,033**	716
Interest income		**87**	122
Selling and distribution costs		**(12,106)**	(9,936)
Administrative costs		**(37,754)**	(25,149)
Finance costs	5	**(814)**	(625)
Share of results of an associate	10	**9,583**	—
Profit/(loss) before tax	6	**61,492**	(3,662)
Income tax charge	7	**(11,581)**	(2,529)
Profit/(loss) for the year from continuing operations		**49,911**	(6,191)
Discontinued operations			
Net result from discontinued operations	13	**(228,670)**	59,567
(Loss)/profit for the year		**(178,759)**	53,376
Attributable to owners of the Company		**(178,759)**	53,376
(Loss)/earnings per share from continuing and discontinued operations	9		
Basic		**(16.78) cents**	5.42 cents
Diluted		**(16.31) cents**	5.42 cents
Earnings/(loss) per share from continuing operations	9		
Basic		**4.69 cents**	(0.63) cents
Diluted		**4.60 cents**	(0.63) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014	2013
	HK$'000	*HK$'000*
		(restated)
(Loss)/profit for the year	**(178,759)**	53,376
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Recognition of actuarial (losses)/gains on defined benefit pension plan (net of tax)	**(53,143)**	31,701
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of foreign operations	**(838)**	(1,064)
Cash flow hedge loss recognised in equity	**(361)**	(351)
Cash flow hedge recycled to the statement of profit or loss	**712**	839
Deficit on revaluation of available-for-sale financial assets	**(957)**	(681)
Realised exchange differences on the sale of a disposal group recycled to the statement of profit or loss	**57,122**	—
Realised exchange differences on the liquidation of a subsidiary undertaking recycled to the statement of profit or loss	**—**	(1,186)
Impairment of available-for-sale financial assets recycled to the statement of profit or loss	**1,702**	—
Other comprehensive income for the year, net of tax	**4,237**	29,258
Total comprehensive income for the year attributable to owners of the Company	**(174,522)**	82,634

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014

	Note	**30 September 2014** *HK$'000*	30 September 2013 *HK$'000* *(restated)*	1 October 2012 *HK$'000* *(restated)*
Non-current assets				
Property, plant and equipment		**4,362**	177,694	187,854
Prepaid land lease payments under operating leases		**—**	459	494
Goodwill		**—**	2,419	2,432
Other intangible assets		**—**	75	164
Interest in an associate	10	**150,234**	10,052	7,007
Available-for-sale financial assets		**237**	1,921	2,593
Deferred tax assets		**—**	43,330	65,965
		154,833	235,950	266,509
Current assets				
Inventories		**18,182**	289,815	272,735
Trade and other receivables	11	**96,440**	295,593	281,915
Pledged bank deposits		**—**	—	5,000
Cash and bank balances		**287,181**	187,565	151,357
		401,803	772,973	711,007
Current liabilities				
Trade and other payables	12	**62,023**	266,297	251,911
Interest-bearing bank borrowings - amounts due within one year		**6,020**	63,020	57,103
Obligations under finance leases - amounts due within one year		**9**	6,112	8,127
Provisions		**—**	3,860	4,121
Derivative financial instruments		**—**	351	2,874
Tax payable		**13,174**	13,478	9,020
		81,226	353,118	333,156
Net current assets		**320,577**	419,855	377,851
Total assets less current liabilities		**475,410**	655,805	644,360

	Note	**30 September 2014** *HK$'000*	30 September 2013 *HK$'000* *(restated)*	1 October 2012 *HK$'000* *(restated)*
Non-current liabilities				
Interest-bearing bank borrowings - amounts due after one year		**—**	—	2,400
Obligations under finance leases - amounts due after one year		**—**	4,847	9,104
Convertible bonds	14	**73,101**	—	—
Retirement benefit obligations		**—**	166,251	218,083
Deferred tax liabilities		**—**	10,140	11,973
		73,101	181,238	241,560
Net assets		**402,309**	474,567	402,800
Capital and reserves				
Share capital		**116,087**	100,744	99,338
Reserves		**286,222**	373,823	303,462
Total equity attributable to owners of the Company		**402,309**	474,567	402,800

NOTES

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 30 September each year. Subsidiaries are investees over which the Company is able to exercise control.

The results of subsidiaries acquired or disposed of during the year are included in the statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

For business combinations, the acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised) are recognised at their fair values, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 Share-based Payments; and assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) the excess is recognised immediately in profit or loss as a bargain purchase gain. Non-controlling interests that represent present ownership interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other non-controlling interests are measured at fair value unless another measurement basis is required by Hong Kong Financial Reporting Standards.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 October 2013.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
Amendments to HKFRS 1	Government Loans

Except as described below, the Group has concluded that the adoption of the new and revised HKFRSs, to the extent that they are relevant to the Group, have had no significant impact on the Group's results of operations and financial position.

HKAS 19 (2011) - Employee Benefits

In the current year, the Group has applied HKAS 19 (2011) and the related retrospective amendments for the first time.

HKAS 19 (2011) abandons the corridor approach with the result that changes in defined benefit obligations and the fair value of plan assets are recognised in the period in which they occur. The revised standard requires the changes in the Group's net defined benefit liability (or asset) to be separated into three components: service cost (including current and past service cost and settlements) recognised in profit or loss; net interest on the net defined benefit liability recognised in profit or loss; and re-measurements of the defined benefit liability (or asset) recognised in other comprehensive income. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

As a result of the adoption of revised HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

The main changes included:

(a) Past service costs are recognised immediately in profit or loss. Previously, these costs were recognised over the vesting period;

(b) The costs of administering the Plan are recognised in profit or loss, Previously, these costs were deducted from the return on plan assets;

(c) The interest income on Plan assets determined at the discount rate is recognised in profit or loss, Previously, an expected return on plan assets was recognised in profit or loss; and

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(d) The return on plan assets, after deducting interest income, is recognised in other comprehensive income. Previously, the return on plan assets after deducting the expected return was recognised in other comprehensive income.

The impact of the adoption of the revised HKAS 19 on the Group's financial statements is summarised below:

	As previously reported	Effect of adopting HKAS 19 (2011)	As restated
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position as at 1 October 2012			
Deferred tax assets	72,203	(6,238)	65,965
Total non-current assets	272,747	(6,238)	266,509
Total assets less current liabilities	650,598	(6,238)	644,360
Retirement benefit obligations	245,217	(27,134)	218,083
Total non-current liabilities	268,694	(27,134)	241,560
Net assets / total equity	381,904	20,896	402,800
Accumulated profits	279,805	20,896	300,701
Consolidated statement of financial position as at 30 September 2013			
Deferred tax assets	48,005	(4,675)	43,330
Total non-current assets	240,625	(4,675)	235,950
Total assets less current liabilities	660,480	(4,675)	655,805
Retirement benefit obligations	189,627	(23,376)	166,251
Total non-current liabilities	204,614	(23,376)	181,238
Net assets / total equity	455,866	18,701	474,567
Translation reserve	(57,031)	1,695	(55,336)
Accumulated profits	353,995	17,006	371,001
Consolidated statement of profit or loss for the year ended 30 September 2013			
Retirement benefit plan (credits)/expenses	(7,466)	22,475	15,009
Legal and professional fee	4,021	3,260	7,281
Profit before tax	100,568	(25,735)	74,833
Income tax charge	(27,518)	6,061	(21,457)
Profit for the year	73,050	(19,674)	53,376

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

	As previously reported	Effect of adopting HKAS 19 (2011)	As restated
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of comprehensive income for the year ended 30 September 2013			
Remeasurement of net defined benefit pension plan, net of tax	15,917	15,784	31,701
Exchange differences arising on the retranslation of foreign operations	(2,759)	1,695	(1,064)
Other comprehensive income for the year, net of tax	11,779	17,479	29,258
Total comprehensive income for the year attributable to owners of the Company	84,829	(2,195)	82,634

The impact on the earnings per share for the year ended 30 September 2013 after the adoption of the HKAS 19 (2011) is as follows:

	2013	Impact on adoption of HKAS 19 (2011)	2013
	(Originally stated)		*(restated)*
Earnings per share			
Continuing and discontinued operations			
Basic	7.42 cents	(2) cents	5.42 cents
Diluted	7.42 cents	(2) cents	5.42 cents
Discontinued operations			
Basic	8.05 cents	(2) cents	6.05 cents
Diluted	8.05 cents	(2) cents	6.05 cents

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions [2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [1]
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets [1]
HKFRS 9	Financial Instruments [6]
HKFRS 15	Revenue from Contracts with Customers [5]
HKFRSs (Amendments)	Annual Improvements 2010-2012 cycle [3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 cycle [2]
HKFRSs (Amendments)	Annual Improvements 2012-2014 cycle [4]

Notes:

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning or transactions occurring on or after 1 July 2014

[3] Effective for annual periods beginning on or after 1 July 2014

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

[5] Effective for annual periods beginning on or after 1 January 2017

[6] Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 - Revenue from Contracts with Customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract with the customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

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

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. An entity may adopt HKFRS 15 on a full retrospective basis. Alternatively, it may choose to adopt it prospectively from the date of initial application.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The directors so far concluded that the application of these new pronouncements may result in changes in accounting policies but are unlikely to have a significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's segmental information is based on regular internal financial information reported to the Company's Executive Directors for their decisions about resources allocation to the Group's business components and their review of these components' performance.

Up until 30 May 2014, the Group's principal segments for internal reporting purposes were: the contract manufacturing, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); the manufacture, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"); the procurement and assembly of magnetic tools and products including the provision of magnetic-based industrial solutions ("Magnetic Technologies"); the manufacture, assembly and procurement of metrology and measurement tools ("Precision Measurement"); and the manufacture of electronic consumer products ("Consumer Electronics"). On that date, the Company sold its entire shareholdings in Pantene Global Holdings Limited ("PGH") and Pantronics Holdings Limited ("PHL"). PGH was the holding company of the Tools, Magnetic Technologies and Precision Measurement divisions while PHL was the holding company of the Contract Manufacturing division.

At the reporting date, there is one remaining business segment ("Consumer Electronics") upon which the Group reports its primary segment information.

3. **REVENUE AND SEGMENT INFORMATION (continued)**

Revenue, which is also the Group's turnover, represents the total invoiced value of goods supplied less discounts and returns.

	Consumer Electronics	Discontinued Operations	Total
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 30 September 2014			
Revenue			
External customers	286,249	875,395	1,161,644
Inter-segment sales	—	7,210	7,210
	286,249	882,605	1,168,854
Profit before tax			
Segment operating profit	19,298	68,447	87,745
Restructuring costs	—	(4,112)	(4,112)
Share of results of an associate	—	4,016	4,016
Impairment loss on non-current assets	—	(170,283)	(170,283)
Net finance costs	(287)	(5,955)	(6,242)
Reportable segment profit/(loss)	19,011	(107,887)	(88,876)
Assets			
Segment assets	120,414	—	120,414
Liabilities			
Segment liabilities	81,226	—	81,226
Other information			
Additions of property, plant and equipment	1,857	6,785	8,642
Depreciation of property, plant and equipment	2,222	9,730	11,952
Amortisation of prepaid land lease payments under operating leases	—	17	17
(Reversal of impairment loss)/impairment loss on trade receivables	(474)	9	(465)
Impairment loss/ (reversal of impairment loss) on inventories	1,236	(450)	786

Inter-segment sales are charged at prevailing market rates.

3. **REVENUE AND SEGMENT INFORMATION (continued)**

	Consumer Electronics *HK$'000*	Discontinued Operations *HK$'000* *(Restated)*	Total *HK$'000*
For the year ended 30 September 2013			
Revenue			
External customers	226,282	1,254,485	1,480,767
Inter-segment sales	—	6,327	6,327
	226,282	1,260,812	1,487,094
Profit before tax			
Segment operating profit	11,708	84,345	96,053
Restructuring costs	—	(3,916)	(3,916)
Share of results of an associate	—	6,922	6,922
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	—	1,186	1,186
Net finance costs	(124)	(10,042)	(10,166)
Reportable segment profit	11,584	78,495	90,079
Assets			
Segment assets	124,008	925,656	1,049,664
Liabilities			
Segment liabilities	65,394	581,885	647,279
Other information			
Additions of property, plant and equipment	881	6,373	7,254
Depreciation of property, plant and equipment	2,322	8,184	10,506
Amortisation of other intangible assets	—	165	165
Amortisation of prepaid land lease payments under operating leases	—	35	35
Impairment loss/(reversal of impairment loss) on trade receivables	10	(607)	(597)
(Reversal of impairment loss)/impairment loss on inventories	(1,320)	3,342	2,022

3. REVENUE AND SEGMENT INFORMATION (continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Reportable segment revenues	**1,168,854**	1,487,094
Discontinued operations	**(882,605)**	(1,260,812)
Total revenue	**286,249**	226,282

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Reportable segment (loss)/profit	**(88,876)**	90,079
Inter-company transactions with discontinued operation	**—**	(15,791)
Unallocated corporate net finance credits/(charge)	**87**	(1,166)
Unallocated corporate credits	**32,811**	1,711
Share of results of an associate	**9,583**	—
Less: Segment (loss)/profit from discontinued operations	**(107,887)**	78,495
Profit/(loss) from continuing operations before income tax	**61,492**	(3,662)

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Reportable segment assets	**120,414**	1,049,664
Deferred tax assets	**—**	43,330
Goodwill	**—**	2,419
Other intangible assets	**—**	75
Interest in an associate	**150,234**	10,052
Available-for-sale financial assets	**237**	1,921
Consolidation and Group assets	**285,751**	(98,538)
Total assets	**556,636**	1,008,923

3. REVENUE AND SEGMENT INFORMATION (continued)

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Reportable segment liabilities	**81,226**	647,279
Deferred tax liabilities	**—**	10,140
Consolidation and Group liabilities	**73,101**	(123,063)
Total liabilities	**154,327**	534,356

Geographical information

The customers of the Group's continuing operations are mainly located in Mainland China, Hong Kong, the United Kingdom ("the UK"), the United States of America ("the USA"), France and Australia. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

Revenue by geographical market

	Continuing Operations		**Discontinued Operations**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")						
Mainland China	**1,011**	2,569	**26,913**	42,515	**27,924**	45,084
Hong Kong (place of domicile)	**328**	626	**6,293**	8,029	**6,621**	8,655
	1,339	3,195	**33,206**	50,544	**34,545**	53,739
USA	**215,351**	170,398	**148,223**	206,687	**363,574**	377,085
UK	**24,593**	21,156	**264,125**	325,908	**288,718**	347,064
France	**—**	—	**93,285**	103,533	**93,285**	103,533
Australia	**2,847**	958	**131,185**	224,999	**134,032**	225,957
Others	**42,119**	30,575	**205,371**	342,814	**247,490**	373,389
	286,249	226,282	**875,395**	1,254,485	**1,161,644**	1,480,767

"Others", above, represents sales to various countries which individually represent less than 10% of the total revenue of the Group.

3. **REVENUE AND SEGMENT INFORMATION (continued)**

Revenue from the major customer, who accounted for 10% or more of the Group's revenue from continuing and discontinued operations, is set out below:

	2014	**Weight**	2013	Weight
	HK$'000	***%***	*HK$'000*	*%*
Customer A — Consumer Electronics	**257,890**	**22**	206,180	14

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and financial assets) analysed by the geographical areas in which the assets are located:

Carrying amount of non-current assets:

	2014	2013
	HK$'000	*HK$'000*
UK	**—**	128,937
Mainland China	**3,015**	42,083
France	**—**	15,229
Australia	**—**	2,682
Hong Kong	**1,347**	1,614
Others	**—**	154
	4,362	190,699

4. **OTHER INCOME**

	Continuing operations		**Discontinued operations**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bargain purchase on acquisition of Yuji (note 10)	**60,440**	—	**—**	—	**60,440**	—
Property rental income	**—**	—	**817**	1,211	**817**	1,211
Gain on disposal of property, plant and equipment	**—**	—	**383**	—	**383**	—
Royalty income	**—**	—	**—**	2,567	**—**	2,567
Others	**593**	716	**3,723**	3,036	**4,316**	3,752
	61,033	716	**4,923**	6,814	**65,956**	7,530

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
						(restated)
Interest on interest-bearing bank borrowings and overdrafts wholly repayable within five years	**364**	623	**1,480**	2,032	**1,844**	2,655
Imputed interest on convertible bonds (note 14)	**450**	—	**—**	—	**450**	—
Interest on retirement benefit obligations	**—**	—	**4,922**	8,632	**4,922**	8,632
Interest on obligations under finance leases	**—**	2	**308**	688	**308**	690
	814	625	**6,710**	11,352	**7,524**	11,977

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HKS$'000	*HKS$'000*	***HKS$'000***	*HKS$'000*	***HKS$'000***	*HKS$'000*
						(restated)
Labour and related costs:						
Directors' remuneration	**7,790**	7,471	**1,429**	2,232	**9,219**	9,703
Staff salaries, allowances and welfare	**16,480**	16,591	**90,308**	142,026	**106,788**	158,617
Defined contribution plans	**—**	—	**2,984**	4,476	**2,984**	4,476
Provident fund contributions	**—**	1,870	**3,757**	3,621	**3,757**	5,491
Mandatory provident fund obligations	**440**	369	**250**	417	**690**	786
Defined benefit retirement plan charge						
Current service charge	**—**	—	**2,092**	3,570	**2,092**	3,570
Administration costs	**—**	—	**2,054**	2,807	**2,054**	2,807
Direct labour costs	**25,287**	22,531	**55,237**	76,830	**80,524**	99,361
	49,997	48,832	**158,111**	235,979	**208,108**	284,811

6. PROFIT/(LOSS) BEFORE TAX (continued)

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Other items:						
Amortisation of lease payments under operating leases	**—**	—	**17**	35	**17**	35
Auditors' remuneration	**926**	1,095	**1,306**	4,870	**2,232**	5,965
Exchange losses	**389**	601	**1,708**	704	**2,097**	1,305
Depreciation of property, plant and equipment	**2,356**	2,421	**9,730**	18,188	**12,086**	20,609
Amortisation of other intangible assets	**—**	—	**—**	165	**—**	165
(Reversal of impairment loss)/impairment loss on trade receivables	**(474)**	10	**9**	(607)	**(465)**	(597)
Impairment loss/(reversal of impairment loss) on inventories	**1,236**	(1,320)	**(450)**	4,624	**786**	3,304
Minimum lease payments in respect of rented premises	**1,452**	3,187	**6,807**	9,162	**8,259**	12,349
Cost of inventories recognised as expenses	**244,786**	195,072	**590,883**	844,759	**835,669**	1,039,831
Cash flow hedge recycled from other comprehensive income	**—**	—	**712**	839	**712**	839
Prolonged decline in fair value of available-for-sales financial assets	**1,702**	—	**—**	—	**1,702**	—
Restructuring costs	**—**	—	**4,112**	3,916	**4,112**	3,916

7. INCOME TAX CHARGE

The income tax charge for the year comprises:

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
						(restated)
Current income tax - Hong Kong:						
Provision for the year	**1,530**	642	**1,616**	2,748	**3,146**	3,390
Current income tax - Overseas:						
Provision for the year:						
Taiwan	**2,927**	—	**—**	—	**2,927**	—
Australia	**—**	—	**905**	1,487	**905**	1,487
United Kingdom	**—**	—	**3,290**	276	**3,290**	276
Mainland China ("PRC")	**1,780**	1,887	**1,175**	4,971	**2,955**	6,858
Canada	**—**	—	**835**	1,393	**835**	1,393
United States	**—**	—	**(28)**	34	**(28)**	34
France	**—**	—	**509**	481	**509**	481
New Zealand	**—**	—	**286**	297	**286**	297
Under/(over) provision in respect of prior years	**5,344**	—	**—**	(1,994)	**5,344**	(1,994)
	10,051	1,887	**6,972**	6,945	**17,023**	8,832
Deferred tax	**—**	—	**(5,342)**	9,235	**(5,342)**	9,235
	11,581	2,529	**3,246**	18,928	**14,827**	21,457

(a) Hong Kong profits tax is calculated at 16.5% (2013 — 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

Withholding tax is calculated at 20% on dividend declared of HK$14,632,000 from the Group's associate in Taiwan during the year ended 30 September 2014 (2013: Nil).

7. INCOME TAX CHARGE (continued)

(b) The income tax charge for the year can be reconciled to the profit/(loss) per the consolidated statement of profit or loss as follows:

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Profit/(loss) before tax:		
Continuing operations	**61,492**	(3,662)
Discontinued operations	**(225,424)**	78,495
	(163,932)	74,833
Tax thereon at domestic rates applicable to profits or losses in the jurisdictions concerned	**31,975**	(19,049)
Tax effect of expenses not deductible for tax purposes	**(67,450)**	(6,731)
Tax effect of income not taxable for tax purposes	**31,555**	3,454
Tax effect of losses not recognised	**(3,858)**	(443)
Utilisation of tax losses previously not recognised	**1,730**	4,612
(Under)/over-provision in respect of prior years	**(5,344)**	1,994
Decrease in recoverable amount of UK deferred tax asset (note c)	**—**	(4,953)
Withholding tax on dividend from the associate	**(2,927)**	—
Others	**(508)**	(341)
Tax charge for the year	**(14,827)**	(21,457)

(c) The majority of the Group's deferred tax assets relate to temporary differences originating in its UK subsidiaries. At 30 September 2013, such deferred tax balances were provided at 20%. Legislation formally enacted during that year had the effect of reducing the effective tax rate from 23% to 20% from April 2014. Included in the HK$9,235,000 deferred charge for the year to 30 September 2013 is a charge of HK$4,953,000 to reflect this change in tax rate.

(d) On 16 March 2007, the PRC promulgated the Law of the PRC on Corporate Income Tax ("the New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Corporate Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the corporate income tax rate for domestic and foreign invested enterprises was unified at 25% from 1 January 2008. There is a transitional period for the PRC subsidiaries that are currently entitled to preferential tax treatments granted by the relevant tax authorities. The PRC subsidiaries currently subject to a corporate income tax rate lower than 25% will continue to enjoy the lower tax rate and will be gradually transitioned to the new unified rate of 25% within five years after 1 January 2008.

8. DIVIDENDS

Dividend declared and paid during the year:

	2014	2013
	HK$'000	*HK$'000*
Final dividend relating to the year ended 30 September 2012 declared and paid of 1.0 HK cent per ordinary share	**—**	9,942
Interim dividend relating to the year ended 30 September 2013 declared and paid of 0.5 HK cent per ordinary share	**—**	5,037
Gross dividend	**—**	14,979
Less dividend received by the subsidiary undertaking holding Company Treasury Shares	**—**	(202)
	—	14,777

The Board does not recommend the payment of a final dividend for the year ended 30 September 2014 (2013 — nil).

At a Board Meeting held on 14 May 2013, the Directors approved the payment of an interim dividend of HK$5,037,216 (0.5 HK cent per ordinary share) for the six-month period ended 31 March 2013. This interim dividend was distributed on 15 July 2013 to shareholders whose names were recorded in the Register of Members of the Company as at the close of business on 5 July 2013.

At a Board Meeting held on 11 December 2012, the Directors approved the payment of a final dividend of HK$9,941,394 (1.0 HK cent per ordinary share) for the year ended 30 September 2012. This final dividend was approved by shareholders at the Annual General Meeting held on 26 March 2013 and was paid on 18 April 2013 to shareholders whose names appeared in the Register of Members as at the close of business on 8 April 2013.

9. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share for the year ended 30 September 2014 is based on the loss attributable to owners of the Company of HK$178,759,000 and HK$178,385,000 respectively, and the weighted average number of ordinary shares, for basic and diluted loss per share purposes, of 1,065,202,418 and 1,093,467,563 respectively. The calculation of the basic and diluted earnings per share for the year ended 30 September 2013 is based on the restated profit attributable to owners of the Company of HK$53,376,000, and the weighted average number of ordinary shares of 984,269,710.

9. (LOSS)/EARNINGS PER SHARE (continued)

The calculation of adjusted loss for the year ended 30 September 2014 for diluted loss per share purposes is as follows:

	2014
	HK$'000
Loss for the year from continuing and discontinued operations	**(178,759)**
Add: Imputed interest expense for convertible bonds	**450**
Less: Tax impact of the imputed interest	**(76)**
	(178,385)

The calculations of weighted average number of ordinary shares are as follows:

(i) ***Weighted average number of ordinary shares (basic)***

	2014	2013
		(restated)
Issued ordinary shares at 1 October	**1,007,443,154**	993,376,993
Subscription of shares at 8 April 2014	**71,088,634**	—
Effect of share options exercised (note (i))	**98,630**	4,768,838
Treasury shares	**(13,428,000)**	(13,876,121)
Weighted average number of ordinary shares at 30 September	**1,065,202,418**	984,269,710
Basic (loss)/earnings per share (HK cents)	**(16.78)**	5.42

(ii) ***Weighted average number of ordinary shares (diluted)***

	2014	2013
		(restated)
Issued ordinary shares at 1 October 2013	**1,007,443,154**	993,376,993
Subscription of shares at 8 April 2014	**71,088,634**	—
Effect of share options exercised (note (i))	**98,630**	4,768,838
Effect of deemed issue of shares under the Company's share option scheme	**7,232,799**	—
Effect of deemed issue of shares under the Company's convertible bonds	**21,032,346**	—
Treasury shares	**(13,428,000)**	(13,876,121)
Weighted average number of ordinary shares at 30 September	**1,093,467,563**	984,269,710
Diluted (loss)/earnings per share (HKcents) (note (ii))	**(16.31)**	5.42

Note:

(i) Relates to the share options exercised under the Company's share option scheme during the years ended 30 September 2014 and 2013.

9. **(LOSS)/EARNINGS PER SHARE (continued)**

(ii) Diluted earnings per share for the year ended 30 September 2013 is the same as basic earnings per share as the share options outstanding at the end of reporting period had an anit-dilutive effect.

(b) **From continuing operations**

The calculation of the basic and diluted earnings per share for the year ended 30 September 2014 is based on the profit from continuing operations of HK$49,911,000 and HK$50,285,000 respectively and the weighted average number of ordinary shares, for basic and diluted earnings per share of 1,065,202,418 and 1,093,467,563 respectively. The calculation of the basic and diluted loss per share for the year ended 30 September 2013 is based on the loss attributable to continuing operations of HK$6,191,000, and the weighted average number of ordinary shares of 984,269,710. The calculation of an adjusted profit for the year ended 30 September 2014 is as follows:

	2014
	HK$'000
Profit for the year from continuing operations	**49,911**
Add: Imputed interest expense for convertible bonds	**450**
Less: Tax impact of the imputed interest	**(76)**
	50,285

	2014	2013
Basic earnings/(loss) per share (HK cents)	**4.69**	(0.63)
Diluted earnings/(loss) per share (HK cents)	**4.60**	(0.63)

Diluted earnings per share for the year ended 30 September 2013 is the same as basic earnings per share as the share options outstanding at the end of reporting period had an anti-dilutive effect.

(c) **From discontinued operations**

The calculation of the basic and diluted (loss) per share for the year ended 30 September 2014 is based on the loss from discontinued operations of HK$228,670,000 and the weighted average number of ordinary shares, for basic and diluted earnings per share of 1,065,202,418 and 1,093,467,563 respectively. The calculation of the basic and diluted earnings per share for the year ended 30 September 2013 is based on the restated profit of HK$59,567,000, and the weighted average number of ordinary shares of 984,269,710.

9. (LOSS)/EARNINGS PER SHARE (continued)

	2014	2013
Basic (loss)/earnings per share (HK cents)	**(21.47)**	6.05
Diluted (loss)/earnings per share (HK cents)	**(20.91)**	6.05

Diluted earnings per share for the year ended 30 September 2013 is the same as basic earnings per share as the share options outstanding at the end of reporting period had an anti-dilutive effect.

10. INTEREST IN AN ASSOCIATE

Discontinued operations

	2014	2013
	HK$'000	*HK$'000*
At 1 October	**10,052**	7,007
Currency realignment	**(387)**	(140)
Share of profit before tax for the year	**5,357**	9,232
Share of tax for the year	**(1,341)**	(2,310)
Dividends received	**—**	(3,737)
Impairment	**(12,667)**	—
Disposal of subsidiary undertaking	**(1,014)**	—
At 30 September	**—**	10,052

Up until 30 May 2014, the Group had an interest in the following associate:

Name of entity	**Form of business structure**	**Place of registration**	**Principal place of operation**	**Nominal value of registered capital**	**Proportion of nominal value of registered capital held by the Group**	**Proportion of voting power held**
Ningbo Hi-tech Assemblies Co. Ltd.	Sino-foreign joint venture	PRC	PRC	US$800,000	25%	25%

Ningbo Hi-tech Assemblies Co. Ltd. is involved in the manufacture and sale of magnetic, plastic and other materials and magnetic assemblies.

10. INTEREST IN AN ASSOCIATE (continued)

The summarised financial information up to the date of disposal in respect of the Group's associate is set out below:

	2014	2013
	HK$'000	*HK$'000*
Non-current assets	—	10,355
Current assets	—	59,257
Total assets	—	69,612
Current liabilities	—	(29,403)
Non-current liabilities	—	—
Total liabilities	—	(29,403)
Net assets	—	40,209
Share of an associate's net assets	—	10,052
Sales	**140,769**	182,022
Profit for the period/year after tax	**16,064**	27,688
Other comprehensive income	—	—
Total comprehensive income	**16,064**	27,688
Share of results of an associate (net of tax)	**4,016**	6,922

Continuing operations

On 8 April 2014, the Group acquired 28.84% equity interest in Yuji Development Corporation ("Yuji") at a cash consideration of New Taiwan Dollar ("TWD") 513,728,077 (equivalent to approximately HK$130,720,000) from 40 independent persons (the "Vendors") who aggregately control 28.84% in Yuji. The Vendors then used the proceeds from the transaction to subscribe for 147,428,134 new shares of the Company issued for the same consideration. The cash consideration for the acquisition of Yuji was financed by a Bridge Loan with the draw down amount identical to the cash consideration and the Bridge Loan was fully repaid out of the subscription monies for the Company's shares. In substance, the Company has issued its own shares to the Vendors in exchange of their interests in Yuji. The actual cost of investment in Yuji is therefore based on the fair market value of new shares issued as at the date of acquisition of approximately HK$95,829,000. The directly attributable expense incurred for the acquisition amounted to approximately HK$720,000.

10. INTEREST IN AN ASSOCIATE (continued)

The share of fair values of Yuji's net assets as at the date of acquisition is as follows:

	2014
	HK$'000
Net assets of Yuji	
Properties, plant and equipment	17,156
Columbarium units and cemetery plots for resale	570,821
Trade and other receivables	17,161
Amounts due from related parties	2,639
Other financial assets	6,657
Cash and cash equivalents	6,468
Trade payables	(17,278)
Receipt in advance	(32,202)
Other payables	(8,537)
Non-controlling interests	(15,518)
Deferred tax liabilities	(3,023)
	544,344
28.84% of net assets	156,989
Satisfied by	
Fair value of shares of the Company issued to Vendors of Yuji at the date of acquisition	95,829
Directly atttributable expense	720
Bargain purchase on acquisition (note 4)	60,440
	156,989

Movement of interest in an assoicate

As at 1 October 2013	—
Share of net assets of Yuji on acquisiton	156,989
Currency realignment	(1,706)
Share of results of an assoicate	9,583
Dividend declared	(14,632)
As at 30 September 2014	150,234

Up until 30 September 2014, the Group had an interest in the following associate:

Name of entity	**Form of business structure**	**Place of incorporation**	**Principal place of operation**	**Nominal value of Share capital**	**Proportion of nominal value of Share capital held by the Group**
Yuji	Limited by shares	Taiwan	Taiwan	TWD1,760,000,000	28.84%

10. INTEREST IN AN ASSOCIATE (continued)

Yuji is engaged in the after-life services in Taiwan, which is a totally new business to the Group. Management decided to invest in Yuji in order to tap into the funeral market which has growth potential, and to diversify the income source of the Group.

The bargain purchase on acquisition was mainly contributed by the profit generated by Yuji between the negotiation stage and the completion of acquisition, the fair value of the columbarium units and cemetery plots for sale as at 8 April 2014 is in excess of its book carrying value as at that date and the market price of the subsciption shares at 8 April 2014 is HK$0.65, which is substantially below the subscription price of HK$0.887 used to determine the number of subscription shares under the subscription agreement dated 8 February 2014.

The summarised financial information since 8 April 2014 in respect of the Group's associate is set out below:

	2014
	HK$'000
Non-current assets	**22,493**
Current assets	**617,691**
Total assets	**640,184**
Current liabilities	**(100,947)**
Non-current liabilities	**(3,016)**
Total liabilities	**(103,963)**
Non-controlling interests	**(15,297)**
Net assets	**520,924**
Share of an associate's net assets	**150,234**
Sales	**52,455**
Profit for the period	**33,228**
Other comprehensive income	**(5,915)**
Total comprehensive income	**27,313**
Share of results of an associate (net of tax)	**9,583**

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**76,983**	278,766	**—**	—
Less: impairment provisions	**(973)**	(7,698)	**—**	—
Trade receivables - net	**76,010**	271,068	**—**	—
Prepayments and other receivables	**20,430**	24,525	**806**	595
	96,440	295,593	**806**	595

At the reporting date, the aged analysis of trade receivables, based on invoice date, is as follows:

	2014	2013
GROUP	***HK$'000***	*HK$'000*
0 - 60 days	**70,890**	249,687
61 - 90 days	**96**	13,839
91 - 120 days	**—**	10,422
Greater than 120 days	**5,997**	4,818
	76,983	278,766

Trade receivables that were neither past due nor impaired related to a large number of customers for whom there has been no recent history of default.

The Group allows credit periods ranging from 30 to 120 days (2013 - 30 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amount of trade and other receivables approximate to their fair values.

Movements in the provision for impairment of trade receivables are as follows:

	2014	2013
GROUP	***HK$'000***	*HK$'000*
At 1 October	**7,698**	9,959
Impairment losses recognised	**75**	772
Impairment losses reversed	**(540)**	(1,369)
Currency realignment	**137**	36
Uncollectible amounts written off	**(293)**	(1,700)
Disposal of subsidiary undertakings	**(6,104)**	—
At 30 September	**973**	7,698

11. TRADE AND OTHER RECEIVABLES (continued)

The Group has provided in full against those receivables where evidence suggests that the amounts outstanding are not recoverable.

The aged analysis of the Group's trade receivables, based on due date, that were past due as at the reporting date but not impaired, is as follows:

GROUP	**2014** **HK$'000**	2013 HK$'000
91 - 120 days	**—**	7,017
Greater than 120 days	**5,997**	698
	5,997	7,715

Trade receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality.

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**35,305**	157,756	**—**	—
Accruals and other payables	**26,718**	108,541	**12,397**	7,441
	62,023	266,297	**12,397**	7,441

At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

GROUP	**2014** ***HK$'000***	2013 *HK$'000*
0 - 60 days	**22,092**	124,098
61 - 90 days	**4,577**	23,490
Greater than 90 days	**8,636**	10,168
	35,305	157,756

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

13. DISCONTINUED OPERATIONS

On 30 May 2014, the Company concluded the sale of its 100% equity interests in PGH and PHL (collectively, the "Disposal Group"), for a net consideration of HK$6.6 million and HK$155.5 million, respectively, after deducting the applicable direct costs on disposal and settlement of shareholder's loans, payable in cash.

The revenues, results and cash flows of the Disposal Group are as follows:

	Note	**2014**	2013
		HK$'000	*HK$'000*
			(restated)
Revenue	3	**875,395**	1,254,485
Cost of sales		**(590,883)**	(844,759)
Gross profit		**284,512**	409,726
Other income	4	**4,923**	6,814
Interest income		**755**	1,310
Selling and distribution costs		**(144,197)**	(216,981)
Administrative costs		**(76,079)**	(114,375)
Restructuring costs		**(4,112)**	(3,916)
Finance costs	5	**(6,710)**	(11,352)
Share of results of an associate	10	**4,016**	6,922
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income		**—**	1,186
Cash flow hedge recycled from other comprehensive income		**(712)**	(839)
Impairment loss on non-current assets		**(170,283)**	—
		(107,887)	78,495
Net loss on disposal		**(117,537)**	—
(Loss)/profit before tax from discontinued operations		**(225,424)**	78,495
Income tax charge		**(3,246)**	(18,928)
Net result from discontinued operations		**(228,670)**	59,567

The cash flows from the discontinued operations are as follows:

	2014	2013
	HK$'000	*HK$'000*
Net cash generated from operating activities	**24,364**	55,067
Net cash (used in)/generated from investing activities	**(2,841)**	2,008
Net cash generated from/(used in) financing activities	**16,320**	(19,742)
Effect of foreign exchange rate	**(1,330)**	(3,076)
	36,513	34,257

14. CONVERTIBLE BONDS

On 15 August 2014, the Company issued convertible bonds in the principal amount of HK$77,000,000 to Kingage International Limited. The convertible bonds do not carry any interest unless the Company redeem any outstanding convertible bonds on maturity, in which case a 2% per annum interest will be accrued on the outstanding convertible bonds on a 365-day basis. The convertible bonds are convertible into 163,336,303 shares of the Company at a conversion price of HK$0.47142 per share (subject to adjustment) (as detailed in the Company's announcement dated 28 July 2014).

The convertible bonds contain two components: liability and equity components. The equity component is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition is 5% per annum, based on an independent valuation carried out by Ample Appraisal Limited.

Group and Company

	2014
	HK$'000
Face value of convertible bonds issued on 15 August 2014	**77,000**
Equity component	**(4,349)**
	72,651
Imputed interest charged on convertible bonds (note 5)	**450**
Liability component at 30 September 2014	**73,101**

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 30 September 2014 (2013: HK$nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on Thursday, 19 March 2015 at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, 17 March 2015, to Thursday, 19 March 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the financial year under review, the Group recorded revenue from continuing operations of approximately HK$286.2 million (2013: HK$226.3 million), representing an increase of approximately 27% as compared to last year.

Material costs were maintained at similar levels to those of the previous year, while the pace of Renminbi appreciation has eased off over the past year, resulting in more stable currency levels and alleviating the cost pressure on the Group. These macro trends, coupled with stringent cost controls exercised by the Group, have helped to improve the gross margin slightly from 13.8% to 14.5% in the current year.

The administrative expenses of the Group for the year amounted to approximately HK$37.8 million (2013: HK$25.1 million), representing an increase of 50% year on year, which was mainly attributable to the increase in legal and professional fees incurred in relation to the acquisition of the shares in an associated company and the issuance of convertible bonds during the year.

The disposal of Spear & Jackson and the Pantene divisions by selling the entire interest of Pantene Global Holdings Limited ("PGH") and Pantronics Holdings Limited ("PHL") led to a loss of HK$228.7 million from the discontinued operations during the year. The loss from discontinued operations mainly reflected an impairment write-down of the non-current assets of PGH of HK$170.3 million and the realisation of the accumulated exchange differences of HK$57.1 million. Having taken into account these one-time costs, the consolidated loss attributable to the owners of the Company was HK$178.8 million, compared to a profit of HK$53.4 million in 2013.

BUSINESS REVIEW

Stepping into year 2014, the global economy has shown more signs of recovery, albeit at a modest pace. Despite the sluggish nature of the upturn, there has been a rise in consumer confidence and consumption, as reflected in our improved sales revenue during the year. Baby monitors continued to be our core product, with the US remaining our principal export market, accounting for more than 75% of our total sales.

Following the completion of the disposal of PGH and PHL on 30 May 2014, the Group was principally engaged in the manufacturing and distribution of electronic consumer products. During the year, the Group also acquired an interest in an after-life services business.

The Group has been developing a diversified business strategy such that its different business segments cater to different groups of customers in different parts of the world. This allows it to adapt and react to sudden changes in demand and to realise its full business potential in different markets, thereby diversifying the sources of risk for the Group.

The Group has continued to review its existing businesses from time to time and has striven to improve the business operation and financial position of the Group. The Group is also actively exploring potential investment opportunities in order to enhance shareholder value. In view of the uncertainty as to the economies of the US and Europe, which are important markets for the Group, the Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio into businesses with growth potential, that expand its geographical reach, broaden its source of income and further improve the financial position of the Group.

Consumer Electronics Division (Alford Industries)

Sales revenues for the year ended 30 September 2014 increased approximately 27% year on year to HK$286.2 million (2013: HK$226.3 million).

Sales to our principal customer increased in line with the overall sales growth, and three of our older product offerings realised a significant increase over the same period of the previous year. North America was still our prime market generating 75% of the sales. Europe laid in the second place with 16%.

Material costs were relatively steady during the year, and the rate of appreciation of the Renminbi has decelerated since the Chinese New Year. Labour costs and manufacturing overheads in China maintained an upward trend. Despite these challenges, management continued to mitigate cost pressure through further automation, product optimization and process improvement. Managing our operating costs diligently and maintaining a lean company structure are key areas of focus. With such efforts, we sustain our competitive edge over our rivals.

The global economic environment remained challenging, and the competition within the electronics manufacturing industry continued to be keen with examples of bankruptcy, shrinkage, mergers and acquisitions all being evident.

During the year, product categories were expanded into the development of pet training system and monitor. Pet training series products were expanded and re-defined and were seen as routes for further sales expansion as the upturn of this niche sector and relatively less market competition expected.

Working capital management and cash control continued to be the challenges, and stringent control on material delivery from suppliers and negotiations for better payment terms were on-going. To hedge against operational threats, new hybrid outsourcing measures will be adopted with the aim of reducing labour and overhead costs.

Business Developments

In line with its diversification strategy, on 8 April 2014, the Group completed the acquisition of a 28.84% interest in Yuji Development Corporation ("Yuji"), an after-life services company based in Taiwan, at a consideration of approximately HK$95.8 million. This acquisition represents a good opportunity for the Group to diversify its existing portfolio, to broaden the Group's income source, and to tap into a higher profit margin business.

Yuji currently has three columbarium towers and one outdoor cemetery in operation. The revenue of Yuji was mainly contributed by the sale and management of columbarium units and cemetery plots in Taipei. Since the date of the acquisition, Yuji has contributed a profit of HK$9.6 million to the Group.

OUTLOOK

In view of the many uncertainties as to the economies in the US and the competitiveness within the electronics manufacturing industries, the Group will proactively carry on its operation in a prudent manner, consolidating its strengths to minimize any impact from external factors. We will devote its efforts to developing our business, extending our product range, and actively looking for new clients to expand our market share. In anticipation of severe conditions for business operation and production, the Group will continue to manage operating costs diligently through costs savings, labour efficiency, productivity improvement and streamlining operational efficiency to drive better margin and increased earnings.

Envisioning the global trend of ageing populations, the Group believes that there is considerable growth potential in the funeral market. The Group will continue to adopt strategies to diversify its existing business portfolio into businesses with growth potential, diversified income generation, higher margins and stronger cash flows.

The disposal of the Spear & Jackson and Pantene divisions will enable the Group to significantly scale down from certain low-margin areas and eliminate the cash flow strains associated with the significant underfunded pension liability within the Spear & Jackson division. The proceeds from the disposal of US$25 million, as well as the completion of the issuance of convertible bonds in the aggregate principal amount of HK$77 million in August 2014, also form a source of funding for the Group to take advantage of any suitable investment opportunities in businesses with increased growth potential that will broaden the Group's source of income.

The Group will continually review its existing business strategy. As economy of Asia continues to grow and per capita income increases, it gives rise to many opportunities for the Group to explore. We will stay alert to capture any business opportunities that may arise during the course of Asia's development to deliver maximum returns to our shareholders.

MATERIAL ACQUISITION AND DISPOSAL

Acquisition of interests in Yuji ("the Acquisition")

On 8 February 2014, the Group had entered an acquisition agreement to acquire 28.84% investment in Yuji, an after-life services company engaged principally in the sale and management of columbarium units and cemetery plots and funeral services in Taiwan, for a purchase consideration of approximately HK$95.8 million.

Disposal of the entire interests of Pantene Global Holdings Limited and Pantronics Holdings Limited ("the Disposal")

On 8 February 2014, the Company had entered into a disposal agreement to sell the entire shares of PGH, the holding company of the tools, magnetics technologies and precision measurement division, and PHL, the holding company of the contract manufacturing division, at a total consideration of US$25.0 million (equivalent to approximately HK$194.5 million).

The Acquisition and the Disposal was approved by the independent shareholders of the Company by way of poll at a special general meeting held on 1 April 2014. The Acquisition was completed on 8 April 2014 and the Disposal was completed on 30 May 2014.

CAPTIAL STRUCTURE

On 8 February 2014, the Company had entered in to a subscription agreement to issue 147,428,134 ordinary shares at a subscription price of HK$0.887 per share. The proceeds of the subscription amounted to approximately HK$95.8 million was to satisfy the consideration for the acquisition of 28.84% interests in Yuji. The subscription and the acquisition of Yuji were completed on 8 April 2014.

On 15 August 2014, the Company issued a 2-year convertible bond with a principal amount of HK$77 million. The convertible bond do not carry interest unless the Company redeem any outstanding convertible bond on maturity, in which 2% interest will be accrued. The convertible bond can be converted into a maximum of 163,336,303 shares at a conversion price of HK$0.47142.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At 30 September 2014, there were no charges on the Group's assets and the Group did not have any contingent liabilities (2013: Nil).

EMPLOYEES AND REMUNERATION POLICY

At 30 September 2014, the Group employed approximately 500 employees.

The remuneration policy of such employees is determined by overall guidelines within the relevant industries. The Group has also adopted certain bonus programs, share option schemes, medical insurance and other welfare and benefits programs. The remuneration policy of the Group is reviewed regularly and is in line with the performance, qualification of individual employees and prevailing market condition.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy with regards to its overall business operation. As at 30 September 2014, the Group had cash and cash equivalents of approximately HK$287.2 million (2013: HK$187.6 million). Total net cash (i.e. bank and cash balances less all bank and other debt) amounted to HK$208.1 million (2013: HK$113.6 million). Most of bank balance was mainly in HKD. With the cash in hand available, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

The Group had net assets value of HK$402.3 million (2013: HK$474.6 million), and a liquidity ratio (ratio of current assets to current liabilities) of 494.7% (2013: 218.9%).

The Group had zero net gearing as at 30 September 2014 (2013: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in HKD, RMB and TWD. Considering the exchange rate between these currencies is relatively stable, the Group believed that the corresponding exposure to RMB and TWD exchange rate fluctuation was insignificant.

The Group does not undertake any derivative financial instruments or hedging instruments. The Group will constantly review the economic situation and its foreign currency risk profile, continues to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not purchased, sold or redeemed any of the Company's listed securities during the year.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors: Ms. Hu Gin Ing (Chairman), Dr. Wong Ho Ching and Mr. Lan Yen-Po.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 30 September 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Model Code") as the code of conduct governing Director's securities transactions. All Directors of the Company had confirmed, following specific enquiry by the Company, that they had complied with the required standards set out in the Model Code throughout the year 2014.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. Throughout the year ended 30 September 2014, the Company complied with all applicable code provisions of the CG Code, except for the following deviation:

Under code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term. Under code provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Mr. Ramon Sy Pascual resigned on 15 September 2014 and Dr. Wong Ho Ching, Independent Non-Executive Director, was appointed for a one-year term until the Annual General Meeting, while other former or existing Non-executive Directors and Independent Non-executive Directors were not appointed for a specific term. However, as all Directors are subject to retirement by rotation at least once every three years at each annual general meeting and any new Director appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and they will be eligible for re-election at the annual general meeting under the Bye-Laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than those in the CG Code. All Non-executive Directors and Independent Non-executive Directors have entered into a letter of appointment for a term of two years, with effective from 1 October 2014.

By order of the Board
United Pacific Industries Limited
Kelly Lee
Executive Director

Hong Kong, 8 December 2014

At the date of this announcement, the Board comprises one Executive Director, namely Ms. Kelly Lee; two Non-Executive Directors, namely, Dato' Choo Chuo Siong and Mr. Sun Jih-Hui and three Independent Non-Executive Directors, namely, Dr. Wong Ho Ching, Mr. Lan Yen-Po and Ms. Hu Gin Ing.