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 SECOND INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2015

The board of directors (the "Board" or "Directors") of United Pacific Industries Limited (the "Company") announces its unaudited consolidated results of the Company and its subsidiaries (the "Group") for the twelve months ended 30 September 2015 together with the comparative figures for 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the twelve months ended 30 September 2015

	Notes	**Twelve months ended 30 September 2015**	2014
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Continuing operations			
Revenue	3	**135,490**	286,249
Cost of sales		**(125,707)**	(244,786)
Gross profit		**9,783**	41,463
Other income		**552**	61,033
Interest income		**3,535**	87
Selling and distribution costs		**(3,948)**	(12,106)
Administrative costs		**(32,350)**	(37,754)
Finance costs	4	**(3,674)**	(814)
Gain on dilution of interest in an associate	11	**1,024**	—
Share of results of an associate	11	**17,349**	9,583
(Loss)/profit before tax	5	**(7,729)**	61,492
Income tax expense	6	**(2,539)**	(11,581)

	Notes	Twelve months ended 30 September **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Audited)
(Loss)/profit for the period/year from continuing operations		**(10,268)**	49,911
Discontinued operations	9		
Net results from discontinued operations		**—**	(228,670)
Loss for the period/year		**(10,268)**	(178,759)
(Loss)/earnings per share	8		
From continuing and discontinued operations			
Basic		**(0.89) cents**	(16.78) cents
Diluted		**(0.89) cents**	(16.31) cents
From continuing operations			
Basic		**(0.89) cents**	4.69 cents
Diluted		**(0.89) cents**	4.60 cents
From discontinued operations			
Basic		**N/A**	(21.47) cents
Diluted		**N/A**	(20.91) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended 30 September 2015

	Notes	Twelve months ended 30 September **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Audited)
Loss for the period/year		**(10,268)**	(178,759)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Recognition of actuarial losses on defined benefit pension plan (net of tax)		**—**	(53,143)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of interest in a foreign associate	11	**(8,569)**	—
Exchange differences arising on the translation of foreign operations		**(871)**	(838)
Cash flow hedge loss recognised in equity		**—**	(361)
Cash flow hedge recycled to the statement of profit or loss		**—**	712
Deficit on revaluation of available-for-sale financial assets		**—**	(957)
Realised exchange differences on the sale of a disposal group recycled to the statement of profit or loss		**—**	57,122
Impairment of available-for-sale financial assets recycled to the statement of profit or loss		**—**	1,702
Other comprehensive income for the period/year, net of tax		**(9,440)**	4,237
Total comprehensive income for the period/year attributable to owners of the Company		**(19,708)**	(174,522)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	**30 September 2015** *HK$'000* **(Unaudited)**	30 September 2014 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**4,062**	4,362
Interest in an associate	11	**144,596**	150,234
Available-for-sale financial assets		**237**	237
		148,895	154,833
Current assets			
Inventories		**13,867**	18,182
Trade and other receivables	12	**58,267**	96,440
Cash and bank balances		**300,413**	287,181
		372,547	401,803
Current liabilities			
Trade and other payables	13	**48,695**	62,023
Interest-bearing bank borrowings		**—**	6,020
Obligations under finance leases		**—**	9
Tax payable		**10,642**	13,174
		59,337	81,226
Net current assets		**313,210**	320,577
Total assets less current liabilities		**462,105**	475,410
Non-current liabilities			
Convertible bonds	14	**—**	73,101
Deferred tax liabilities		**381**	—
		381	73,101
Net assets		**461,724**	402,309
Capital and reserves			
Share capital	15	**133,171**	116,087
Reserves		**328,553**	286,222
Total equity attributable to owners of the Company		**461,724**	402,309

Notes:

1. GENERAL INFORMATION

On 5 November 2015, the Company announced to change its financial year end date from 30 September to 31 December so as to unify the financial year end date of the Company and its principal operating subsidiary which is incorporated in the People's Republic of China (the "PRC"). As a result of this, the second interim results covered a period of twelve months ended 30 September 2015.

The unaudited consolidated interim financial statements of the Group (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 30 September 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards and Interpretations) as disclosed in note 2 to the Interim Financial Statements.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense on a year to year basis. Actual results may differ from these estimates.

The Interim Financial Statements are unaudited, but have been reviewed by BDO Limited 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.

The Interim Financial Statements does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 September 2014.

2. ADOPTION OF NEW OR REVISED HKFRSs

A number of new or revised standards, amendments and interpretations are effective for the Group's financial period beginning on or after 1 October 2014. The adoption of the new and revised standards, amendments and interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

The Group has not early adopted the following new standards and amendments of the HKFRS potentially relevant to the Group's financial statements, which have been issued but not yet effective for the financial period beginning on 1 October 2014.

HKFRSs (Amendments)	Annual Improvements 2012-14 cycle [1]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 9	Financial Instruments [2]

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

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

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement.

3. REVENUE AND SEGMENT INFORMATION

The Group's segment information is based on regular internal financial information reported to the Company's executive director and management 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 segments while PHL was the holding company of the Contract Manufacturing segment.

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

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

	Consumer Electronics *HK$'000* **(Unaudited)**
For the twelve months ended 30 September 2015	
Revenue	
External customers	**135,490**
Inter-segment revenues	**—**
	135,490
Loss before tax	
Segment loss	**(5,420)**
Net finance credits	**210**
Reportable segment loss	**(5,210)**

	Consumer Electronics *HK$'000* (Audited)	Discontinued Operations *HK$'000* (Audited)	Total *HK$'000* (Audited)
For the year ended 30 September 2014			
Revenue			
External customers	286,249	875,395	1,161,644
Inter-segment revenues	—	7,210	7,210
	286,249	882,605	1,168,854
(Loss)/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 (note 10)	—	(170,283)	(170,283)
Net finance costs	(287)	(5,955)	(6,242)
Reportable segment profit/(loss)	19,011	(107,887)	(88,876)

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

	Twelve months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Reportable segment revenues	**135,490**	1,168,854
Discontinued operations	**—**	(882,605)
Total revenue	**135,490**	286,249

	Twelve months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Reportable segment loss	**(5,210)**	(88,876)
Gain on dilution of interest in an associate	**1,024**	—
Unallocated corporate net finance (charge)/credits	**(348)**	87
Unallocated corporate (costs)/credits	**(20,544)**	32,811
Share of results of an associate	**17,349**	9,583
Less: Segment loss from discontinued operations	**—**	(107,887)
(Loss)/profit from continuing operations before tax	**(7,729)**	61,492

The unallocated corporate (cost)/credits mainly comprise of bargain purchase on acquisition of Yuji, staff cost (including directors' remuneration), legal and professional fee, exchange difference and office rental.

Geographical information

The following table provides an analysis of the Group's revenue from external customers by location of delivery of goods and/or services to the customers:

Revenue by geographical market

	Continuing Operations Twelve months ended 30 September		Discontinued Operations Twelve months ended 30 September		Total Twelve months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Mainland China	**225**	1,011	**—**	26,913	**225**	27,924
Hong Kong (place of domicile)	**271**	328	**—**	6,293	**271**	6,621
	496	1,339	**—**	33,206	**496**	34,545
United States of America ("US")	**88,741**	215,351	**—**	148,223	**88,741**	363,574
United Kingdom ("UK")	**26,239**	24,593	**—**	264,125	**26,239**	288,718
Australia	**931**	2,847	**—**	131,185	**931**	134,032
France	**—**	—	**—**	93,285	**—**	93,285
Others	**19,083**	42,119	**—**	205,371	**19,083**	247,490
	135,490	286,249	**—**	875,395	**135,490**	1,161,644

4. FINANCE COSTS

	Continuing Operations Twelve months ended 30 September		Discontinued Operations Twelve months ended 30 September		Total Twelve months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Interest on interest-bearing bank borrowings and overdrafts wholly repayable within five years	**41**	364	**—**	1,480	**41**	1,844
Imputed interest on convertible bonds (note 14)	**3,633**	450	**—**	—	**3,633**	450
Interest on retirement benefit obligations	**—**	—	**—**	4,922	**—**	4,922
Interest on obligations under finance leases	**—**	—	**—**	308	**—**	308
	3,674	814	**—**	6,710	**3,674**	7,524

5. **(LOSS)/PROFIT BEFORE TAX**

(Loss)/profit before tax has been arrived at after charging/(crediting):

	Continuing Operations Twelve months ended 30 September		**Discontinued Operations Twelve months ended 30 September**		**Total Twelve months ended 30 September**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Depreciation of property, plant and equipment	**1,298**	2,356	**—**	9,730	**1,298**	12,086
Amortisation of lease payments under operating leases	**—**	—	**—**	17	**—**	17
(Reversal of impairment loss)/impairment loss on trade receivables	**(86)**	(474)	**—**	9	**(86)**	(465)
Impairment loss/(reversal of impairment loss) on inventories	**220**	1,236	**—**	(450)	**220**	786
Interest income	**(3,535)**	(87)	**—**	(755)	**(3,535)**	(842)
Cost of inventories recognised as expenses	**125,707**	244,786	**—**	590,883	**125,707**	835,669
Retirement benefit plan charge						
Current service charge	**—**	—	**—**	2,092	**—**	2,092
Administration costs	**—**	—	**—**	2,054	**—**	2,054
Cash flow hedge recycled from other comprehensive income	**—**	—	**—**	712	**—**	712
Restructuring costs	**—**	—	**—**	4,112	**—**	4,112

6. INCOME TAX EXPENSE

The income tax expense for the period/year comprises:

	Continuing Operations Twelve months ended 30 September		Discontinued Operations Twelve months ended 30 September		Total Twelve months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Current income tax						
Hong Kong:						
Provision for the period/year	**—**	1,530	**—**	1,616	**—**	3,146
Current income tax						
Overseas:						
Provision for the period/year	**3,088**	4,707	**—**	6,972	**3,088**	11,679
(Over)/under provision in prior years	**(930)**	5,344	**—**	—	**(930)**	5,344
	2,158	10,051	**—**	6,972	**2,158**	17,023
	2,158	11,581	**—**	8,588	**2,158**	20,169
Deferred tax	**381**	—	**—**	(5,342)	**381**	(5,342)
	2,539	11,581	**—**	3,246	**2,539**	14,827

No Hong Kong profits tax had been provided for the twelve months ended 30 September 2015 as the Group had no estimated assessable profits.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the year ended 30 September 2014. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

Withholding tax is levied on profit distribution upon declaration of the undistributed earning of an associate for the period/year at the rate of 20% (2014: 20%)

7. DIVIDENDS

The Board does not declare an interim dividend for the twelve months ended 30 September 2015 (year ended 30 September 2014: nil).

8. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share for the twelve months ended 30 September 2015 is based on the loss attributable to owners of the Company of HK$10,268,000 (year ended 30 September 2014: loss of HK$178,759,000 and HK$178,385,000 respectively) and the weighted average number of 1,149,919,551 (year ended 30 September 2014: 1,065,202,417 and 1,093,467,562 respectively) ordinary shares.

The calculation of adjusted loss for diluted loss per share purpose is as follows:

	2015	2014
	HK$'000	*HK$'000*
	(Uuaudited)	(Audited)
Loss for the period/year from continuing and discontinued operations	**(10,268)**	(178,759)
Add: Imputed interest expense for convertible bonds	**—**	450
Less: Tax impact of the imputed interest	**—**	(76)
	(10,268)	(178,385)

The calculation of weighted average number of ordinary shares is as follows:

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

	2015	2014
	(Unaudtied)	(Audited)
Issued ordinary shares at 1 October	**1,160,871,287**	1,007,443,153
Subscription of shares at 8 April 2014	**—**	71,088,634
Effect of share options exercised (note (i))	**2,028,767**	98,630
Effect of conversion rights	**447,497**	—
Treasury shares	**(13,428,000)**	(13,428,000)
Weighted average number of ordinary shares at 30 September	**1,149,919,551**	1,065,202,417
Basic loss per share (HK cents)	**(0.89)**	(16.78)

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

	2015	2014
	(Unaudited)	(Audited)
Issued ordinary shares at 1 October	**1,160,871,287**	1,007,443,153
Subscription of shares at 8 April 2014	**—**	71,088,634
Effect of share options exercised (note (i))	**2,028,767**	98,630
Effect of conversion right	**447,497**	—
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)**	(13,428,000)
Weighted average number of ordinary shares at 30 September	**1,149,919,551**	1,093,467,562
Diluted loss per share (HK cents) (note (ii))	**(0.89)**	(16.31)

Note:

(i) Relates to the share options exercised under the Company's share option scheme during the twelve months ended 30 September 2015 and year ended 30 September 2014.

(ii) Diluted loss per share for the twelve months ended 30 September 2015 is the same as basic loss per share as there is no potential dilutive shares outstanding at the end of reporting period.

(b) **From continuing operations**

The calculation of the basic and diluted loss per share for the twelve months ended 30 September 2015 is based on the loss from continuing operations of HK$10,268,000 and the weighted average number of ordinary shares, for basic and diluted loss per share of 1,149,919,551. 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 1,065,202,417 and 1,093,467,562 respectively.

The calculation of adjusted (loss)/profit for diluted earnings per share purpose is as follows:

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
(Loss)/profit for the period/year from continuing operations	**(10,268)**	49,911
Add: Imputed interest expense for convertible bonds	**—**	450
Less: Tax impact of the imputed interest	**—**	(76)
	(10,268)	50,285

	2015	2014
	(Unaudited)	(Audited)
Basic (loss)/earnings per share (HK cents)	**(0.89)**	4.69
Diluted (loss)/earnings per share (HK cents)	**(0.89)**	4.60

Diluted loss per share for the twelve months ended 30 September 2015 is the same as basic loss per share as there is no potenial dilutive shares outstanding at the end of reporting period.

(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 loss per share of 1,065,202,417 and 1,093,467,562 respectively.

	2015	2014
	(Unaudited)	(Audited)
Basic loss per share (HK cents)	**—**	(21.47)
Diluted loss per share (HK cents)	**—**	(20.91)

9. 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:

	Notes	2014 *HK$'000* (Audited)
Revenue	3	875,395
Cost of sales		(590,883)
Gross profit		284,512
Other income		4,923
Interest income		755
Selling and distribution costs		(144,197)
Administrative costs		(76,079)
Restructuring costs	5	(4,112)
Finance costs	4	(6,710)
Share of results of an associate		4,016
Cash flow hedge recycled from other comprehensive income		(712)
Impairment loss on non-current assets	10	(170,283)
		(107,887)
Net loss on disposal		(117,537)
Loss before tax from discontinued operations		(225,424)
Income tax charge		(3,246)
Net results from discontinued operations		(228,670)

10. IMPAIRMENT LOSS ON NON-CURRENT ASSETS

Given that the consideration of US$2,500,000 for PGH Group was significantly lower than its carrying value at 31 March 2014, the non-current assets of each cash generating unit ("CGU") in the PGH Group were tested for impairment. The aggregate impairment losses recognised for each class of asset at 31 March 2014, are as follows:

	Carrying value as at 31 March 2014	**Recoverable amount as at 31 March 2014**	**Impairment losses of non-current assets**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Assets of the PGH Group at 31 March 2014			
Property, plant and equipment	155,050	—	155,050
Goodwill	2,491	—	2,491
Other intangible assets	65	—	65
Interest in an associate	12,677	—	12,677
Available-for-sale financial assets	749	749	—
Deferred tax assets	46,150	46,150	—
Inventories	261,433	261,433	—
Trade and other receivables	229,355	229,355	—
Cash and bank balances	73,026	73,026	—
	780,996	610,713	170,283

The impairment losses were calculated by comparing the recoverable amount to the carrying value of the PGH Group's net assets at 31 March 2014. Impairment losses were allocated to the goodwill and non-current assets of each CGU of the PGH Group as follows:

	Operating segments				
	Tools	**Precision Measurement**	**Magnetic Technologies**	**Corporate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Class of assets:					
Property, plant and equipment	27,218	25,500	3,587	98,745	155,050
Goodwill	—	2,491	—	—	2,491
Other intangible assets	65	—	—	—	65
Interest in an associate	—	—	12,677	—	12,677
	27,283	27,991	16,264	98,745	170,283

11. INTEREST IN AN ASSOCIATE

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 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 entirely financed by a bridge loan 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 for their interest 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 HK$95,829,000. The directly attributable expense incurred for the acquisition amounted to HK$720,000.

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

	HK$'000
	(Audited)
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 attributable expense	720
Bargain purchase on acquisition	60,440
	156,989

Yuji engages 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 resale as at 8 April 2014 is in excess of its book carrying value as at that date and the market price of the subscription 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.

Movement of interest in an associate	*HK$'000*
At 1 October 2013	—
Share of net assets of Yuji on acquisition	156,989
Currency realignment	(1,706)
Share of results of an associate	9,583
Dividend declared	(14,632)
As at 30 September 2014 and 1 October 2014 (Audited)	150,234
Gain on dilution of interest in an associate (note)	1,024
Share of results of an associate	17,349
Currency realignment	(8,569)
Dividend declared	(15,442)
At 30 September 2015 (Unaudited)	144,596

Note:

In February 2015, Yuji's ordinary shares in issue were increased from 176,000,000 shares to 181,294,000 shares. The Group did not subscribe its proportionate share of the new ordinary shares which were issued at TWD15 per share. Accordingly, the Group's equity interest in Yuji was diluted from 28.84% to 28%. As the Group's share of net assets value of Yuji immediately after the issuance of new shares is in excess of the Group's original share in net assets value of Yuji, a gain on dilution of interest in an associate of approximately HK$1,024,000 was recognised during the twelve months ended 30 September 2015.

Up until 30 September 2015, 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	TWD 1,812,940,000	28%

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

	30 September 2015	30 September 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets	**41,532**	22,493
Current assets	**609,967**	617,691
Total assets	**651,499**	640,184
Current liabilities	**(117,295)**	(100,947)
Non-current liabilities	**(2,828)**	(3,016)
Total liabilities	**(120,123)**	(103,963)
Non-controlling interests	**(14,961)**	(15,297)
Net assets	**516,415**	520,924
Share of an associate's net assets	**144,596**	150,234
Sales	**110,074**	52,455
Profit for the period	**61,671**	33,228
Other comprehensive income	**(30,602)**	(5,915)
Total comprehensive income	**31,069**	27,313
Share of results of an associate (net of tax)	**17,349**	9,583

12. TRADE AND OTHER RECEIVABLES

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

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 - 60 days	**37,518**	70,890
61 - 90 days	**303**	96
91 - 120 days	**—**	—
Greater than 120 days	**887**	5,997
	38,708	76,983

The Group allows credit periods ranging from 30 to 120 days (30 September 2014: 30 to 120 days) to its trade customers depending on their credit status and geographical location.

13. TRADE AND OTHER PAYABLES

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

	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 - 60 days	**16,525**	22,092
61 - 90 days	**5,498**	4,577
Greater than 90 days	**4,041**	8,636
	26,064	35,305

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 did not carry any interest unless the Company redeem any outstanding convertible bonds on maturity, in which case a 2% per annum interest would be accrued on the outstanding convertible bonds on a 365-day basis.

The convertible bonds contained two components: liability and equity components. The equity component was presented in equity under "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition was 5% per annum, as determined by Ample Appraisal Limited which is an independent valuer.

On 30 September 2015, the Convertible bonds were fully converted into shares of the Company of HK$0.10 each at the conversion price of HK$0.47142 per share. Accordingly, a total of 163,336,303 ordinary shares of HK$0.10 each were allotted and issued.

	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 4)	450
Liability component at 30 September 2014 (Audited)	73,101
Imputed interest charged on convertible bonds (note 4)	3,633
Exercise of conversion rights	(76,734)
Liability component at 30 September 2015 (Unaudited)	**—**

15. SHARE CAPITAL

	30 September 2015 (Unaudited)		30 September 2014 (Audited)	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 October and 30 September	**1,500,000,000**	**150,000**	1,500,000,000	150,000
Issued and fully paid:				
At 1 October	**1,160,871,287**	**116,087**	1,007,443,153	100,744
Subscription of shares	**—**	**—**	147,428,134	14,743
Share options exercised	**7,500,000**	**750**	6,000,000	600
Debt conversion rights exercised	**163,336,303**	**16,334**	—	—
At 30 September	**1,331,707,590**	**133,171**	1,160,871,287	116,087

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Board announced on 5 November 2015 that the financial year end date of the Company has been changed from 30 September to 31 December.

The above change was to align with the financial year end date of the Company's principal operating subsidiary which is incorporated in the PRC and whose accounts are statutorily required to be closed with the financial year end date of 31 December. The Board considers that this change will facilitate the Company to prepare and update its financial statements for the preparation of its consolidated financial statements.

As a consequence of the change of its financial year end date, the Company announces its second interim results for the twelve months ended 30 September 2015 (the "Reporting Period"). For the Reporting Period, the Group recorded HK$135.5 million in revenue from continuing operations (year ended 30 September 2014: HK$286.2 million), showing a significant decline of 52.7% period on period.

The Group posted a loss of HK$10.3 million from continuing operations for the Reporting Period as compared to a profit of HK$49.9 million for the corresponding period in 2014. The substantial decrease in turnover, and the loss incurred by the Group for the Reporting Period, were mainly attributed to lower demand from a key customer, resulting in reduced sales and a decline in the Group's gross profit margin.

During the Reporting Period, the cost of materials remained relatively steady and a weakening of the Renminbi against the US dollar provided a slightly positive effect on costs. However, owing to the drop in turnover resulting in reduced economies of scale, the Group's gross profit margin dropped substantially to 7.2% as compared with 14.5% for the same period in 2014.

Administrative costs amounted to HK$32.4 million (year ended 30 September 2014: HK$37.8 million).

BUSINESS REVIEW

Operating under a sluggish growth rate in the consumer electronic sector, the Group has furthered its efforts on efficiency enhancements and risk control, while continuing to optimise productivity. At the same time, the Group continued to adjust its development plan and business portfolio in accordance with market trends and the macroeconomic environment. It also maintained a prudent financial policy to safeguard long-term value for shareholders.

Despite a moderate recovery of the US economy, overall market conditions were still fragile in the midst of worldwide economic uncertainties. Growth momentum of the consumer electronic sector was impeded amid a general slowdown in manufacturing activities across many countries. Against this challenging backdrop, the Group's goal remained to broaden its revenue base for a more stable long-term path to development.

Consumer Electronics Division (Alford Industries) (the "Division")

The Reporting Period was a very challenging one compared to the past few years owing to slackened demand. During the Reporting Period, sales revenues decreased 52.7% period on period to HK$135.5 million (year ended 30 September 2014: HK$286.2 million). The drop was substantially attributable to the decrease in sales to a crucial customer, which has previously engaged the Group for the production of baby monitoring products.

Keen competition amongst OEM manufacturers was also a main reason for the Division's business downturn. The drastic reduction in business volume produced a lower gross profit margin for the Division.

The geographic distribution remained stable with solid coverage over the developed markets. The Division continued to be reliant on the US market, which contributed 65.5% of total sales during the Reporting Period, while the UK generated 19.4% of sales.

The Division's core baby monitoring products delivered solid results, but sales of the pet series were lower than expected, accounting in part for the revenue drop. The Group is actively pursuing alternative business development options with its existing and new customers and markets. It is also driving product innovation and development based on customer needs. A diversification plan is being implemented in phases to drive new growth.

The Group was faced with the dual impact of stagnant economic growth on one hand, and continuing rise in competition amongst OEM manufacturers on the other. To counter this challenge, the Group has been steadily moving ahead with its business expansion and product diversification initiatives.

Overhead expenditures decreased in line with the reduction in sales turnover. The average Renminbi exchange rate remained steady for the past several years, and a sharp depreciation of almost 5% in the currency in mid-August has provided a slightly positive effect to the Group as its income was mostly denominated in US dollars while major expenditures were in Renminbi. Material costs were stable in proportion to production volume during the Reporting Period.

Business Developments

The Group holds a 28% interest in Yuji, an after-life services company based in Taiwan. This business expansion allows the Group to develop its business portfolio into areas with quality earnings generation prospects.

Yuji operates three columbarium towers and one outdoor cemetery in Taipei. Its revenue is mostly contributed by the sale of columbarium units and cemetery plots. Yuji maintained stable business during the Reporting Period and contributed a profit of HK$17.3 million to the Group.

OUTLOOK

The global electronics manufacturing sector continues to face challenging market conditions. The Group strives to maintain a dynamic business mix to meet changing market trends, while expanding the market presence of its existing businesses through product and service enhancements, and marketing input. In terms of control of manufacturing costs, the Group will further its efforts in production efficiency enhancements and strategic sourcing.

Equipped with advanced technologies, dominant integrated capabilities and outstanding products, the Group will remain focused on improving its product portfolio and seizing new opportunities for development. The Group is convinced that it can compete for additional market share amidst industry consolidation.

The growth of e-commerce has brought about tremendous changes in sales and marketing, and in the way business is conducted. The Group will study and leverage this new medium to carry out customer-focused research and development, as well as more targeted marketing, thus making better use of internal resources. The Group remains highly responsive to the fast-changing market and technological advancements, as it believes innovation is the way forward to sustain and expand business.

The fragile world economy and intensified competition will have impacts on the Group's profit margin, but the Group will leverage its substantial cash balance to pursue investment opportunities that offer good potential for return and sustainable income. The Group will focus its resources into areas with growth potential, in order to build a healthy balanced earnings and geographical mix. The Board has faith that Asia will continue to grow despite some slowdown; the Group will thus stay focused on capturing business opportunities in line with the region's development. The Group's mission remains to derive long-term value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy with regard to its overall business operation. As at 30 September 2015, the Group had cash and cash equivalents of HK$300.4 million (30 September 2014: HK$287.2 million). Total net cash (i.e. cash and bank balances less borrowings) amounted to HK$300.4 million (30 September 2014: HK$208.1 million). Most of the bank balances were in Hong Kong dollars ("HKD"). With the cash and bank balances available, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

As at 30 September 2015, the Group had net assets value of HK$461.7 million (30 September 2014: HK$402.3 million), with a liquidity ratio (ratio of current assets to current liabilities) of 628% (30 September 2014: 495%).

As at 30 September 2015, 163,336,303 shares were issued as the convertible bonds with face value of HK$77,000,000 were fully converted into shares of HK$0.10 each at the conversion price of HK$0.47142. The Group had net zero gearing (30 September 2014: Nil).

FOREIGN EXCHANGE EXPOSURE

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group employed approximately 380 employees (30 September 2014: 500 employees) worldwide.

The remuneration of employees is determined by overall guidelines within the relevant industries. The Group has also adopted certain bonus programmes, share option scheme, medical insurance and other welfare and benefit programmes for its various categories of employees. The remuneration policy of the Group is reviewed regularly and is in line with the performance and qualifications of individual employees and prevailing market conditions.

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

The Company has not repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company has adopted all the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the Reporting Period, the Company complied with all applicable code provisions of the CG Code.

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 to the Listing Rules (the "Model Code") as the code of conduct governing Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they had complied with the required standards set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Ms. Hu Gin Ing (Chairman), Dr. Wong Ho Ching and Mr. Lan Yen-Po.

The Interim Financial Statements for the twelve months ended 30 September 2015 have been reviewed by the Audit Committee, who are of the opinion that these interim results comply with applicable accounting standards and legal requirements, and that adequate disclosure have been made.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the twelve months ended 30 September 2015 (year ended 30 September 2014: nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.upi.com.hk and www.irasia.com/listco/hk/upi) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 30 November 2015

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.