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 FIFTEEN MONTHS ENDED 31 DECEMBER 2015

The board of directors (the "Board" or "Directors") of United Pacific Industries Limited (the "Company") announces its consolidated results of the Company and its subsidiaries (the "Group") for the fifteen months ended 31 December 2015 together with the comparative figures for the year ended 30 September 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the fifteen months ended 31 December 2015

	Notes	**Fifteen months ended 31 December 2015** *HK$'000*	Year ended 30 September 2014 *HK$'000*
Continuing operations			
Revenue	4	**167,625**	286,249
Cost of sales		**(155,467)**	(244,786)
Gross profit		**12,158**	41,463
Other income	5	**1,355**	61,033
Interest income	6	**3,904**	87
Selling and distribution costs		**(4,694)**	(12,106)
Administrative costs		**(40,099)**	(37,754)
Finance costs	7	**(3,675)**	(814)
Gain on dilution of interest in an associate	12	**1,152**	—
Share of results of an associate	12	**24,594**	9,583
(Loss)/profit before tax	8	**(5,305)**	61,492
Income tax expense	9	**(3,621)**	(11,581)

	Notes	**Fifteen months ended 31 December 2015** *HK$'000*	Year ended 30 September 2014 *HK$'000*
Continuing operations			
(Loss)/profit for the period/year from continuing operations		**(8,926)**	49,911
Discontinued operations	15		
Net results from discontinued operations		**—**	(228,670)
Loss for the period/year		**(8,926)**	(178,759)
(Losses)/earnings per share	11		
From continuing and discontinued operations			
Basic		**(0.75) cents**	(16.78) cents
Diluted		**(0.75) cents**	(16.31) cents
From continuing operations			
Basic		**(0.75) cents**	4.69 cents
Diluted		**(0.75) 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 fifteen months ended 31 December 2015

	Notes	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
		HK$'000	*HK$'000*
Loss for the period/year		**(8,926)**	(178,759)
Other comprehensive income			
Item 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	12	**(7,517)**	(1,706)
Exchange differences arising on the translation of foreign operations		**(873)**	868
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		**(160)**	(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		**(8,550)**	4,237
Total comprehensive income for the period/year attributable to owners of the Company		**(17,476)**	(174,522)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	31 December 2015 HK$'000	30 September 2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,957**	4,362
Interest in an associate	12	**152,383**	150,234
Available-for-sale financial assets		**77**	237
		156,417	154,833
CURRENT ASSETS			
Inventories		**12,599**	18,182
Trade and other receivables	13	**34,565**	96,440
Cash and bank balances		**306,669**	287,181
		353,833	401,803
CURRENT LIABILITIES			
Trade and other payables	14	**37,004**	62,023
Interest-bearing bank borrowings		**—**	6,020
Obligations under finance leases		**—**	9
Tax payable		**7,587**	13,174
		44,591	81,226
NET CURRENT ASSETS		**309,242**	320,577
TOTAL ASSETS LESS CURRENT LIABILITIES		**465,659**	475,410
NON-CURRENT LIABILITIES			
Convertible bonds	17	**—**	73,101
Deferred tax liabilities		**1,703**	—
		1,703	73,101
NET ASSETS		**463,956**	402,309
CAPITAL AND RESERVES			
Share capital	18	**133,171**	116,087
Reserves		**330,785**	286,222
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**463,956**	402,309

Notes:

1. CHANGE OF FINANCIAL YEAR END DATE

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 final results covered a period of fifteen months ended 31 December 2015.

2. 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 31 December each year.

Subsidiaries are investees over which the Company is able to exercise control.

The results of subsidiaries acquired or disposed of during the period 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 businesses are accounted for using the acquisition method. The cost of an acquisition 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 ("HKFRSs").

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new / revised HKFRSs — effective 1 October 2014

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

As explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the Group does not use revaluation model for its property, plant and equipment.

(b) New / revised HKFRSs that have been issued but are not yet effective

The following new / revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

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

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

[3] Effective date is deferred

Amendments to HKAS 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

HKFRS 9 (2014) - 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 fair value through other comprehensive income ("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 fair value through profit and loss ("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.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors are not yet in a position to quantity the effects on the Group's financial statements.

(c) **New Companies Ordinance provisions relating to the preparation of financial statements**

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

4. 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 30 May 2014, 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 represents the total invoiced value of goods supplied less discounts and returns.

	Consumer Electronics *HK$'000*
For the fifteen months ended 31 December 2015	
Revenue	
External customers	**167,625**
Loss before tax	
Segment loss	**(5,616)**
Net finance credits	**342**
Reportable segment loss	**(5,274)**
Assets	
Segment assets	**83,765**
Liabilities	
Segment liabilities	**34,397**
Other information	
Additions of property, plant and equipment	**1,341**
Depreciation of property, plant and equipment	**1,273**
Income tax credit	**(1,298)**
Reversal of impairment loss on trade receivables	**(92)**
Reversal of impairment loss on inventories	**(717)**

	Consumer Electronics *HK$'000*	Discontinued Operations *HK$'000*	Total *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 (note 16)	—	(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	65,721	—	65,721
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
Income tax expense	8,654	3,246	11,900
(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.

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:

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
	HK$'000	*HK$'000*
Reportable segment revenues	**167,625**	1,168,854
Discontinued operations	**—**	(882,605)
Total revenue	**167,625**	286,249

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
	HK$'000	*HK$'000*
Reportable segment loss	**(5,274)**	(88,876)
Less: Segment loss from discontinued operations	**—**	(107,887)
Gain on dilution of interest in an associate	**1,152**	—
Share of results of an associate	**24,594**	9,583
Unallocated corporate (costs)/credits#	**(25,664)**	32,811
Unallocated corporate net finance (charge)/credits	**(113)**	87
(Loss)/profit from continuing operations before income tax	**(5,305)**	61,492

	31 December 2015	30 September 2014
	HK$'000	*HK$'000*
Reportable segment assets	**83,765**	120,414
Interest in an associate	**152,383**	150,234
Available-for-sale financial assets	**77**	237
Unallocated corporate assets*	**274,025**	285,751
Total assets	**510,250**	556,636

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

* The unallocated corporate assets mainly represented cash and bank balances retained at corporate level.

	31 December 2015 HK$'000	30 September 2014 HK$'000
Reportable segment liabilities	**34,397**	65,721
Deferred tax liabilities	**1,703**	—
Consolidation and Group liabilities	**10,194**	88,606
Total liabilities	**46,294**	154,327

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		Discontinued operations		Total	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**243**	1,011	**—**	26,913	**243**	27,924
Hong Kong (place of domicile)	**271**	328	**—**	6,293	**271**	6,621
	514	1,339	**—**	33,206	**514**	34,545
United States of America	**102,485**	215,351	**—**	148,223	**102,485**	363,574
United Kingdom	**32,095**	24,593	**—**	264,125	**32,095**	288,718
Australia	**931**	2,847	**—**	131,185	**931**	134,032
France	**—**	—	**—**	93,285	**—**	93,285
Others	**31,600**	42,119	**—**	205,371	**31,600**	247,490
	167,625	286,249	**—**	875,395	**167,625**	1,161,644

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

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

	Fifteen months ended 31 December 2015	**Weighting**	Year ended 30 September 2014	Weighting
	HK$'000	**%**	*HK$'000*	*%*
Customer A — Consumer Electronics	**117,756**	**70**	257,890	22
Customer B — Consumer Electronics	**29,058**	**17**	—	—

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:

	31 December 2015	30 September 2014
	HK$'000	*HK$'000*
Mainland China	**2,875**	3,015
Hong Kong	**1,082**	1,347
	3,957	4,362

5. OTHER INCOME

	Continuing operations		**Discontinued operations**		**Total**	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bargain purchase on acquisition of Yuji (note 12)	**—**	60,440	**—**	—	**—**	60,440
Property rental income	**—**	—	**—**	817	**—**	817
Gain on disposal of property, plant and equipment previously written off	**384**	—	**—**	383	**384**	383
Others	**971**	593	**—**	3,723	**971**	4,316
	1,355	61,033	**—**	4,923	**1,355**	65,956

6. INTEREST INCOME

	Continuing operations		Discontinued operations		Total	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest earned on bank deposits and balances	**3,904**	87	**—**	755	**3,904**	842

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on interest-bearing bank borrowings and overdrafts	**42**	364	**—**	1,480	**42**	1,844
Imputed interest on convertible bonds (note 17)	**3,633**	450	**—**	—	**3,633**	450
Interest on retirement benefit obligations	**—**	—	**—**	4,922	**—**	4,922
Interest on obligations under finance leases	**—**	—	**—**	308	**—**	308
	3,675	814	**—**	6,710	**3,675**	7,524

8. (LOSS)/PROFIT BEFORE TAX

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

	Continuing operations		Discontinued operations		Total	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Labour and related costs:						
Directors' remuneration	**3,772**	7,790	**—**	1,429	**3,772**	9,219
Staff salaries, allowances and welfare	**10,922**	16,480	**—**	90,308	**10,922**	106,788
Defined contribution plans	**—**	—	**—**	2,984	**—**	2,984
Provident fund contributions	**2,270**	1,996	**—**	3,757	**2,270**	5,753
Mandatory provident fund obligations	**560**	440	**—**	250	**560**	690
Defined benefit retirement plan charge						
Current service charge	**—**	—	**—**	2,092	**—**	2,092
Administration costs	**—**	—	**—**	2,054	**—**	2,054
Direct labour costs	**23,516**	23,291	**—**	55,237	**23,516**	78,528
	41,040	49,997	**—**	158,111	**41,040**	208,108
Other items:						
Amortisation of lease payments under operating leases	**—**	—	**—**	17	**—**	17
Auditors' remuneration	**1,442**	926	**—**	1,306	**1,442**	2,232
Exchange losses	**6,393**	389	**—**	1,708	**6,393**	2,097
Depreciation of property, plant and equipment	**1,648**	2,356	**—**	9,730	**1,648**	12,086
(Reversal of impairment loss)/impairment loss on trade receivables	**(92)**	(474)	**—**	9	**(92)**	(465)
(Reversal of impairment loss)/impairment loss on inventories	**(717)**	1,236	**—**	(450)	**(717)**	786
Minimum lease payments in respect of rented premises	**3,516**	2,651	**—**	6,807	**3,516**	9,458
Cost of inventories recognised as expenses	**155,467**	244,786	**—**	590,883	**155,467**	835,669
Cash flow hedge recycled from other comprehensive income	**—**	—	**—**	712	**—**	712
Prolonged decline in fair value of available-for-sales financial assets	**—**	1,702	**—**	—	**—**	1,702
Restructuring costs	**—**	—	**—**	4,112	**—**	4,112
Interest income	**(3,904)**	(87)	**—**	(755)	**(3,904)**	(842)

9. INCOME TAX EXPENSE

The income tax charge for the period/year comprises:

	Continuing operations		Discontinued operations		Total	
	Fifteen months ended 31 December 2015	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014	**Fifteen months ended 31 December 2015**	Year ended 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
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:						
Taiwan	**3,216**	2,927	**—**	—	**3,216**	2,927
Australia	**—**	—	**—**	905	**—**	905
United Kingdom	**—**	—	**—**	3,290	**—**	3,290
Mainland China	**—**	1,780	**—**	1,175	**—**	2,955
Canada	**—**	—	**—**	835	**—**	835
United States	**—**	—	**—**	(28)	**—**	(28)
France	**—**	—	**—**	509	**—**	509
New Zealand	**—**	—	**—**	286	**—**	286
(Over)/under provision in respect of prior years	**(1,298)**	5,344	**—**	—	**(1,298)**	5,344
	1,918	10,051	**—**	6,972	**1,918**	17,023
Deferred tax	**1,703**	—	**—**	(5,342)	**1,703**	(5,342)
	3,621	11,581	**—**	3,246	**3,621**	14,827

No Hong Kong profits tax had been provided for the fifteen months ended 31 December 2015 as the Group has no estimated assessable profits.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 30 September 2014. PRC Enterprise Income tax has been provided on estimated assessable profits of the subsidiary operations in the Mainland China at 25% (year ended 30 September 2014: 25%). 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 earnings of an associate for the fifteen months ended 31 December 2015 at the rate of 20% (year ended 30 September 2014: 20%).

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the fifteen months ended 31 December 2015 (year ended 30 September 2014: Nil).

11. (LOSSES)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted losses per share for the fifteen months ended 31 December 2015 is based on the loss attributable to owners of the Company of HK$8,926,000 (year ended 30 September 2014: loss of HK$178,759,000 and HK$178,385,000 respectively) and the weighted average number of 1,183,812,600 (year ended 30 September 2014: 1,065,202,417 and 1,093,467,562 respectively) ordinary shares.

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

	Fifteen months ended 31 December 2015 *HK$'000*	Year ended 30 September 2014 *HK$'000*
Loss for the period/year from continuing and discontinued operations	**(8,926)**	(178,759)
Add: Imputed interest expense for convertible bonds	**—**	450
Less: Tax impact of the imputed interest	**—**	(76)
	(8,926)	(178,385)

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

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

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
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))	**3,130,197**	98,630
Effect of conversion rights	**33,239,116**	—
Treasury shares	**(13,428,000)**	(13,428,000)
Weighted average number of ordinary shares at 31 December/30 September	**1,183,812,600**	1,065,202,417
Basic losses per share (HK cents)	**(0.75)**	(16.78)

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

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
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))	**3,130,197**	98,630
Effect of conversion rights	**33,239,116**	—
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 31 December/30 September	**1,183,812,600**	1,093,467,562
Diluted losses per share (HK cents) (note (ii))	**(0.75)**	(16.31)

Note:

(i) This is related to the share options exercised under the Company's share option scheme during the fifteen months ended 31 December 2015 and year ended 30 September 2014.

(ii) Diluted losses per share for the fifteen months ended 31 December 2015 is the same as basic losses 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 losses per share for the fifteen months ended 31 December 2015 is based on the loss from continuing operations of HK$8,926,000 and the weighted average number of ordinary shares, for basic and diluted losses per share of 1,183,812,600. 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 (losses)/earnings per share purpose is as follows:

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
	HK$'000	*HK$'000*
(Loss)/profit for the period/year from continuing operations	**(8,926)**	49,911
Add: Imputed interest expense for convertible bonds	**—**	450
Less: Tax impact of the imputed interest	**—**	(76)
	(8,926)	50,285

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
Basic (losses)/earnings per share (HK cents)	**(0.75)**	4.69
Diluted (losses)/earnings per share (HK cents)	**(0.75)**	4.60

Diluted losses per share for the fifteen months ended 31 December 2015 is the same as basic losses 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 losses 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 losses per share of 1,065,202,417 and 1,093,467,562 respectively.

	Fifteen months ended 31 December 2015	Year ended 30 September 2014
Basic losses per share (HK cents)	**N/A**	(21.47)
Diluted losses per share (HK cents)	**N/A**	(20.91)

12. 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:

	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 attributable expense	720
Bargain purchase on acquisition (note 5)	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.

	HK$'000
Movement of interest in an associate	
At 1 October 2013	—
Share of net assets of Yuji on acquisition	156,989
Share of results of an associate	9,583
Dividend received	(14,632)
Currency realignment	(1,706)
As at 30 September 2014 and 1 October 2014	150,234
Gain on dilution of interest in an associate (note)	1,152
Share of results of an associate	24,594
Dividend received	(16,080)
Currency realignment	(7,517)
At 31 December 2015	**152,383**

Note:

During the fifteen months ended 31 December 2015, Yuji's ordinary shares in issue were increased from 176,000,000 shares to 181,930,324 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 27.9%. 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 asset value of Yuji, a gain on dilution of interest in an associate of approximately HK$1,152,000 was recognised during the fifteen months ended 31 December 2015.

As at 31 December 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 TWD**	**Proportion of nominal value of share capital held by the Group**
Yuji	Limited by shares	Taiwan	Taiwan	1,819,303,240	27.9%

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

	31 December 2015 *HK$'000*	30 September 2014 *HK$'000*
Non-current assets	**35,848**	22,493
Current assets	**574,056**	617,691
Total assets	**609,904**	640,184
Current liabilities	**(45,400)**	(100,947)
Non-current liabilities	**(2,800)**	(3,016)
Total liabilities	**(48,200)**	(103,963)
Non-controlling interests	**(15,529)**	(15,297)
Net assets	**546,175**	520,924
Share of an associate's net assets	**152,383**	150,234
Sales	**151,813**	52,455
Profit for the period/year	**87,984**	33,228
Other comprehensive income	**(26,948)**	(5,915)
Total comprehensive income	**61,036**	27,313
Share of results of an associate (net of tax)	**24,594**	9,583

13. TRADE AND OTHER RECEIVABLES

	31 December 2015 *HK$'000*	30 September 2014 *HK$'000*
Trade receivables	**31,342**	76,983
Less: impairment provisions	**(881)**	(973)
Trade receivables — net	**30,461**	76,010
Prepayments and other receivables	**4,104**	20,430
	34,565	96,440

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

	31 December 2015 *HK$'000*	30 September 2014 *HK$'000*
0 - 60 days	**16,627**	70,890
61 - 90 days	**5,302**	96
91 - 120 days	**7,504**	—
Greater than 120 days	**1,909**	5,997
	31,342	76,983

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 (30 September 2014 — 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.

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

14. TRADE AND OTHER PAYABLES

	31 December 2015	30 September 2014
	HK$'000	*HK$'000*
Trade payables	**19,021**	35,305
Accruals and other payables	**17,983**	26,718
	37,004	62,023

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

	31 December 2015	30 September 2014
	HK$'000	*HK$'000*
0 - 60 days	**12,962**	22,092
61 - 90 days	**2,099**	4,577
Greater than 90 days	**3,960**	8,636
	19,021	35,305

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

15. 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	Year ended 30 September 2014 *HK$'000*
Revenue	4	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		(4,112)
Finance costs	7	(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	16	(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)

The cash flows from the discontinued operations are as follows:

	Year ended 30 September 2014 *HK$'000*
Net cash generated from operating activities	24,364
Net cash used in investing activities	(2,841)
Net cash generated from financing activities	16,320
Effect of foreign exchange rate	(1,330)
	36,513

16. IMPAIRMENT LOSS ON NON-CURRENT ASSETS

As discussed in note 15 above, on 30 May 2014, the Company concluded the disposal of PGH and PHL.

For 31 March 2014 interim financial report purposes, although the Company had entered into an agreement to dispose of PGH and PHL prior to the reporting date, the Disposal Group (including the Tools, Magnetic Technologies, Precision Measurement and Contract Manufacturing divisions) was not classified as held for sales or as a discontinued operation, because the agreement contained certain conditions which affected the immediate availability for sale of PGH and PHL at the reporting date.

However, 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*
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*
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

17. 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 7)	450
Liability component at 30 September 2014 and 1 October 2014	73,101
Imputed interest charged on convertible bonds (note 7)	3,633
Exercise of conversion rights	(76,734)
Liability component at 31 December 2015	**—**

18. SHARE CAPITAL

	31 December 2015		30 September 2014	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 October, 30 September and 31 December	**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 31 December/30 September	**1,331,707,590**	**133,171**	1,160,871,287	116,087

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the fifteen months ended 31 December 2015 (year ended 30 September 2014: Nil).

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 26 May 2016 at 9:00 a.m..

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 May 2016, to Thursday, 26 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, 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 4:30 p.m. on Monday, 23 May 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Board announced on 5 November 2015 that the financial year end date of the Group had 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 People's Republic of China (the "PRC") and whose accounts are statutorily required to be closed at 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.

On account of this change of its financial year end date, the Company hereby announces its annual results for the fifteen months ended 31 December 2015 (the "Reporting Period"). The Group recorded a 41.4% decline in revenue from continuing operations to HK$167.6 million (year ended 30 September 2014: HK$286.2 million) during the Reporting Period. The significant decline in turnover and the loss incurred were mainly attributable to reduced sales to a key customer. For the Reporting Period, the Group posted a loss of HK$8.9 million as compared to a profit from continuing operations of HK$49.9 million for the year ended 30 September 2014.

The loss reflected reduced economies of scale, coupled with increased wage rates in the PRC. The cost of materials remained relatively steady and a weakening of the Renminbi against the US dollar since August 2015 provided a slightly positive effect on costs. However, despite this mild favourable effect and the Group's stringent cost controls, the gross profit margin dropped significantly to 7.3% as compared with 14.5% in 2014.

Administrative costs remained steady and recorded HK$40.1 million for the Reporting Period (year ended 30 September 2014: HK$37.8 million).

BUSINESS REVIEW

With weakened global market conditions weighing heavily on the global consumer electronics industry, the Group was operating against intense price competition and slowed consumer demand during the Reporting Period.

While the Group continued to meet the challenges of its manufacturing business, it has sought to diversify its business scope in view of the difficult manufacturing environment. As part of its diversification strategy, the Group has acquired an interest in an after-life services business. In consideration of the global economic uncertainty, the Group has constantly been assessing its existing portfolio with regard to the respective businesses' resilience to adverse operating conditions and their ongoing growth potential. The goal remains to strengthen the overall business momentum of the Group, and to improve its profit margin and cash flows.

Consumer Electronics Division (the "Division")

Sales revenues for the Reporting Period decreased by 41.4% to HK$167.6 million (year ended 30 September 2014: HK$286.2 million). The drop in sales revenues was mainly the result of reduced business with a major customer, caused by its shift to a more price-sensitive OEM business mode.

During the Reporting Period, baby monitors continued to be the Division's principal product, with the US remaining the major market. In order to reduce its product and market concentration, the Division has rolled out active business development initiatives to seek to achieve a more balanced business mix. As such, the Division has developed a pet training product series which generated sales revenue of HK$18 million during the Reporting Period. The Division has further developed the animal repeller product series, but management believes that more time and efforts are required to build a stronger customer base in this new arena.

The Division maintained a solid foothold in the developed markets. The US continued to be one of the largest markets for consumer electronics, and hence strong reliance on this market remained. During the Reporting Period, the US market generated 61.1% of total sales, while the UK contributed 19.1%.

Material costs and overhead expenditures decreased largely in line with the reduction in turnover. The Division continued to exercise strict cost control measures in order to limit its exposure to adverse external factors.

The average Renminbi exchange rate have remained steady for the previous several years. Depreciation in the currency since mid-August has brought a slightly positive effect to the Group, as its income was mostly denominated in US dollars while major expenditures were in Renminbi.

In view of the uncertainty in the US and other export markets, as well as the keen pricing competition within the consumer electronics industry, the Division has sought to diversify its existing product range to categories that are less vulnerable to market fluctuations. The Division has also made progress in further controlling its costs and achieving a lean operating structure.

Business Developments

The Group holds a 27.9% interest in Yuji Development Corporation ("Yuji"), an after-life services company based in Taiwan. Yuji currently has three columbarium towers and one outdoor cemetery in operation. Its revenue was mainly contributed by the sale of columbarium units and cemetery plots. During the Reporting Period, Yuji contributed a profit of HK$24.6 million (year ended 30 September 2014: HK$9.6 million) to the Group.

This acquisition represents an effective business strategy for the Group to expand its current portfolio, in order to achieve a better balanced earnings and geographical mix. The Group is actively seeking other viable investment opportunities from time to time, with an aim of maximising shareholder return.

OUTLOOK

While market growth is expected to be moderate at best, most categories in consumer electronics remained dominated by large manufacturers during 2015. These manufacturers generally benefit from strong brand recognition among the consumer base, many years of experience, and well-established distribution networks. In response to this market dominance, the Group will strive to extend existing product lines, and cautiously develop new products.

The Group does not expect to see a substantial growth in market demand in the near term. Nevertheless, management believes the growing convergence of information, innovation and technology will help the consumer electronics industry to get back on track.

The trend towards e-commerce continued to show growth in 2015 despite the economic uncertainty in general. It is one of the largest sales channels for most industries including consumer electronics. The Group seeks to redefine and reposition its business development, while focusing on managing its existing product portfolio and improving geographical penetration.

Driven by consumer behaviours, technological developments, newer products and gradually improving economic conditions, the consumer electronics industry looks forward to brighter prospects in the long term. The Group is actively seeking new business opportunities while expanding the market penetration of its existing products.

Given the high degree of competition and the possibility of an industry consolidation, the era of high growth for the consumer electronics sector is not sustainable. At the same time economic growth rates will likely be moderate and divergent across markets. In response to the macro environment and leveraging on its experience in manufacturing, the Group will actively adjust its business strategy to meet the evolving challenges.

Looking ahead, the Group will seek other product and customer diversification opportunities in order to expand its sources of income. The Group will also constantly look for new business opportunities that position well into its risk management principles. We will continue to explore attractive investments to diversify and broaden the business horizons to enhance the shareholders' value.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy with regard to its overall business operation. As at 31 December 2015, the Group had cash and cash equivalents of HK$306.7 million (30 September 2014: HK$287.2 million). Total net cash (i.e. cash and bank balances less other debt) amounted to HK$306.7 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 31 December 2015 and 30 September 2014, the Group had no bank borrowings which resulted in zero gearing ratio.

As at 31 December 2015, the Group had a net asset value of HK$464.0 million (30 September 2014: HK$402.3 million), with a liquidity ratio (ratio of current assets to current liabilities) of 793.5% (30 September 2014: 494.7%).

On 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.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

At 31 December 2015, there were no charges on the Group's assets and the Group did not have any contingent liabilities (30 September 2014: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in HKD, Renminbi and New Taiwan Dollar ("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 31 December 2015, the Group employed approximately 380 employees (30 September 2014: 500 employees).

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.

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 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.

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.

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 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 fifteen months ended 31 December 2015.

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

Hong Kong, 23 March 2016

As 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.