



**United Pacific  
Industries**

聯 太 工 業

Stock Code : 176

**Interim Report**  
**2016**

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group recorded revenue of HK\$53.7 million for the six months ended 30 June 2016 (the "period under review"), a slight increase by 4.3% when compared with HK\$51.5 million for the six months ended 30 June 2015.

The Group continued to brace for a challenging environment during the period under review, incurring a loss of HK\$0.5 million (six months ended 30 June 2015: loss of HK\$5.0 million).

Gross profit margin improved to 7.2% as compared with 3.1% for the six months ended 30 June 2015, reflecting stringent control efforts, especially on labour costs, with more outsourcing to allow flexibility in production arrangements. Cost of materials and overheads were largely maintained at a steady level through continual production process improvements. Administrative costs for the period under review decreased to HK\$12.7 million for the six months ended 30 June 2016, as a consequence of decreased legal and professional services requirements.

## BUSINESS REVIEW

Operating in the highly dynamic consumer-electronics industry, which is price sensitive and demands keen competition among manufacturers, the Group has taken initiatives to diversify its businesses and market coverage in phases to improve its business prospects and earnings base.

The industry has been impacted by modest growth as well as fast-changing trends, including increased releases of new products, shorter development cycles and fickle consumer loyalty. These factors have dealt harsh blows to industry participants in the form of declining revenues and shrinking profit margins.

In response, the Group has sought to secure more orders from existing customers to drive business growth. At the same time, to stay relevant to changing consumer preferences and market trends, the Group has continued to pursue new product developments and solicit new clients. Market expansion is also an ongoing effort.

### Consumer Electronics Division (the "Division")

During the period under review, baby monitors continued to be the Division's principal product, two major customers have contributed 89.1% of total sales. United States of America remained the Division's biggest market, generating 61.0% of total sales, United Kingdom came second, generating 21.8% of total sales, while Europe came third, generating 11.6% of total sales. Management believes more time and effort will have to be put in before the Division can achieve a balanced product and market mix, but is confident that the Division is on the right track to attain this goal.

Further to some new product models currently under test, the Division has also commenced printed circuit board assembly on healthcare products.

Intense price competition, the maintenance of efficiency and quality, as well as technological upgrade requirements, are some of the challenges faced by the Division along with the rest of the industry. To manage these challenges, the Division will boost its efforts in product diversification, production efficiency enhancements and in service customisation for buyers.



Material costs and overhead expenditure remained at a steady level. Costs remained a key challenge, but the Division continued to exercise strict cost control measures, including a reduced headcount assisted by effective outsourcing and shift-work arrangements as well as natural attrition.

### **Business Developments**

The Group holds a 27.9% interest in Yuji Development Corporation ("Yuji"), an afterlife services company based in Taiwan. Yuji operates three columbarium towers and one outdoor cemetery. Its revenue was mainly generated by the sale of columbarium units and cemetery plots. During the period under review, Yuji contributed a profit of HK\$10.5 million (six months ended 30 June 2015: HK\$8.6 million) to the Group.

This business development represents a strategic initiative to enable the Group to achieve a more balanced earnings and geographical mix. The Group is continuously exploring other viable investment opportunities with the aim of maximising shareholders' return.

### **OUTLOOK**

The consumer electronics industry is faced with the dual pressures of softening global demand for consumer electronics and ever-decreasing product and technology lifecycles. Companies globally are navigating through a highly competitive environment. To build a more balanced and dynamic earnings mix, strategic product diversification and innovation will be the way forward.

Indeed, product innovation has driven much of the success enjoyed by participants of the consumer electronics sector. The Group remains highly responsive to technological and product advancements. To support new product development initiatives, the Group will continue to source competitive, high-quality suppliers.

The Group will also constantly adjust its allocation of resources into areas and markets with growth potential. In continuing to implement its business development strategy, the Group will push ahead with targeted marketing and customer-focused campaigns.

Cost management is another key and ongoing initiative for the Group. To this end, the Group will continue to run a lean operating structure.

In response to these continuing challenges, the Group is relentlessly moving ahead with its business expansion, with a keen focus on product innovation, increasing market share and expanding the geographical mix, in pursuing operational excellence to enhance shareholder value.

### **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

The Group adopted a prudent funding and treasury policy with regard to its overall business operation. As at 30 June 2016, the Group had cash and cash equivalents of HK\$309.4 million (31 December 2015: HK\$306.7 million). As at 30 June 2016, the Group had no external borrowings and a nil gearing ratio (31 December 2015: nil). Most of the bank balances were in Hong Kong dollars. 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.

The Group had net asset value of HK\$464.5 million (31 December 2015: HK\$464.0 million), with a liquidity ratio (ratio of current assets to current liabilities) of 754.8% (31 December 2015: 793.5%).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **FOREIGN EXCHANGE EXPOSURE**

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan dollars. Considering the exchange rate between these currencies is relatively stable, the Group believed that the corresponding exposure to Renminbi and New Taiwan dollars exchange rate fluctuation was insignificant.

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

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2016, the Group employed approximately 270 employees (31 December 2015: 360 employees).

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

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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## TO THE BOARD OF DIRECTORS OF UNITED PACIFIC INDUSTRIES LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the interim financial statements set out on pages 7 to 23, which comprise the condensed consolidated statement of financial position of United Pacific Industries Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2016 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on these interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Limited  
香港立信德豪會計師事務所有限公司

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# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### **BDO Limited**

*Certified Public Accountants*

### **Li Pak Ki**

Practising Certificate Number: P01330

Hong Kong, 24 August 2016

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	53,689	51,537
Cost of sales		(49,807)	(49,946)
Gross profit		3,882	1,591
Other income		379	225
Interest income		929	2,407
Selling and distribution costs		(1,198)	(1,293)
Administrative costs		(12,676)	(14,222)
Finance costs	4	—	(1,823)
Gain on dilution of interest in an associate		—	1,058
Share of results of an associate	10	10,532	8,626
Profit/(loss) before tax	5	1,848	(3,431)
Income tax expense	6	(2,377)	(1,552)
<b>Loss for the period</b>		<b>(529)</b>	<b>(4,983)</b>
<b>Loss per share</b>			
Basic and diluted	8	(0.04) HK cents	(0.43) HK cents



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Loss for the period</b>		<b>(529)</b>	(4,983)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising from the translation of foreign operations		(85)	(10)
Exchange differences arising from the translation of interest in a foreign associate	10	1,180	1,125
Change in fair value on available-for-sale financial assets		6	(151)
<b>Other comprehensive income for the period, net of tax</b>		<b>1,101</b>	964
<b>Total comprehensive income for the period, attributable to owners of the Company</b>		<b>572</b>	(4,019)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	3,496	3,957
Interest in an associate	10	147,607	152,383
Available-for-sale financial assets		83	77
		<b>151,186</b>	156,417
<b>CURRENT ASSETS</b>			
Inventories		10,268	12,599
Trade and other receivables	11	42,120	34,565
Cash and bank balances		309,398	306,669
		<b>361,786</b>	353,833
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	36,783	37,004
Tax payable		11,150	7,587
		<b>47,933</b>	44,591
<b>NET CURRENT ASSETS</b>			
		<b>313,853</b>	309,242
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>465,039</b>	465,659
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	13	511	1,703
		<b>511</b>	1,703
<b>NET ASSETS</b>			
		<b>464,528</b>	463,956
<b>CAPITAL AND RESERVES</b>			
Share capital	14	133,171	133,171
Reserves		331,357	330,785
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>464,528</b>	463,956

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$'000	Share premium* HK\$'000	Treasury share reserve* HK\$'000	Share option reserve* HK\$'000	Other reserve* HK\$'000	Convertible bonds equity reserve* HK\$'000	Capital redemption reserve* HK\$'000	Capital reserve* HK\$'000	Translation reserve* HK\$'000	Investment revaluation reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000
At 1 January 2015 (Unaudited)	116,087	124,948	(4,968)	559	40	4,349	1,442	19,870	(1,121)	(49)	136,425	397,582
Exercise of share options	450	1,294	–	(335)	–	–	–	–	–	–	–	1,409
Share-based compensation expense	–	–	–	29	–	–	–	–	–	–	–	29
<b>Transaction with owners</b>	450	1,294	–	(306)	–	–	–	–	–	–	–	1,438
<b>Loss for the period</b>	–	–	–	–	–	–	–	–	–	–	(4,983)	(4,983)
<b>Other comprehensive income</b>												
Exchange difference arising from the translation of foreign operations	–	–	–	–	–	–	–	–	(10)	–	–	(10)
Exchange differences arising from the translation of interest in a foreign associate	–	–	–	–	–	–	–	–	1,125	–	–	1,125
Change in fair value on available-for-sale financial assets	–	–	–	–	–	–	–	–	–	(151)	–	(151)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	–	–	–	1,115	(151)	(4,983)	(4,019)
<b>At 30 June 2015 (Unaudited)</b>	116,537	126,242	(4,968)	253	40	4,349	1,442	19,870	(6)	(200)	131,442	395,001

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$'000	Share premium* HK\$'000	Treasury share reserve* HK\$'000	Other reserve* HK\$'000	Capital redemption reserve* HK\$'000	Capital reserve* HK\$'000	Translation reserve* HK\$'000	Investment revaluation reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	133,171	191,879	(4,968)	40	1,442	19,870	(7,442)	(209)	130,173	463,956
<b>Loss for the period</b>	-	-	-	-	-	-	-	-	(529)	(529)
<b>Other comprehensive income</b>										
Exchange differences arising from the translation of foreign operations	-	-	-	-	-	-	(85)	-	-	(85)
Exchange differences arising from the translation of interest in a foreign associate	-	-	-	-	-	-	1,180	-	-	1,180
Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	6	-	6
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	1,095	6	(529)	572
<b>At 30 June 2016 (Unaudited)</b>	<b>133,171</b>	<b>191,879</b>	<b>(4,968)</b>	<b>40</b>	<b>1,442</b>	<b>19,870</b>	<b>(6,347)</b>	<b>(203)</b>	<b>129,644</b>	<b>464,528</b>

\* The total reserves at 30 June 2016 is HK\$331,357,000 (30 June 2015: HK\$278,464,000).



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	<b>2,102</b>	(3,314)
Income tax paid	—	(2,927)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,102</b>	(6,241)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(229)</b>	(341)
Dividend received from an associate	—	14,632
Interest received	<b>929</b>	2,407
<b>Net cash generated from investing activities</b>	<b>700</b>	16,698
<b>Cash flows from financing activities</b>		
Repayments of bank borrowings	—	(1,946)
Interest paid on interest-bearing bank borrowings and bank overdrafts	—	(7)
Proceeds from exercise of share options	—	1,409
Principal repayment of obligations under finance leases	—	(4)
<b>Net cash used in financing activities</b>	<b>—</b>	(548)
<b>Net increase in cash and cash equivalents</b>	<b>2,802</b>	9,909
Effect of foreign exchange rates	<b>(73)</b>	(11)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>306,669</b>	298,414
<b>Cash and cash equivalents at the end of the period</b>	<b>309,398</b>	308,312
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>309,398</b>	308,312

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 1. GENERAL INFORMATION

On 5 November 2015, the Group 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"). Accordingly, the current interim results covered a period of six months from 1 January 2016 to 30 June 2016 and the comparative figures presented for the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows covered a period of six months from 1 January 2015 to 30 June 2015.

The Company was incorporated in Bermuda as an exempted company with limited liability with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to this interim report.

The unaudited condensed consolidated interim financial statements of the Group (the "Interim Financial Statements") are presented in Hong Kong dollars, which is also the functional currency of the Company.

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 (the "Listing Rules").

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the fifteen months ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, HKASs 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. 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 do not include all the information and disclosures required in the consolidated financial statements for the fifteen months ended 31 December 2015, and should be read in conjunction with the Group's consolidated financial statements for the fifteen months ended 31 December 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 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 January 2016. 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 HKFRSs potentially relevant to the Group's Interim Financial Statements, which have been issued but not yet effective for the financial period beginning on 1 January 2016.

HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

The directors of the Company (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. For management purposes, the Group has only one reportable operating segment which is the manufacture of consumer electronics products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Revenue represents the total invoiced value of goods supplied less discounts and returns.

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:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment loss	(2,311)	(4,987)
Gain on dilution of interest in an associate	—	1,058
Share of results of an associate	10,532	8,626
Unallocated corporate costs	(6,373)	(8,128)
Profit/(loss) before tax	1,848	(3,431)

The unallocated corporate costs mainly comprise staff cost (including directors' remuneration), legal and professional fee, exchange differences and office rental.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Geographical information

The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC		
Mainland China	135	1,550
Hong Kong (place of domicile)	368	254
	503	1,804
United States of America	32,761	36,106
United Kingdom	11,683	4,622
Europe	6,212	7,521
Others	2,530	1,484
	53,689	51,537

### 4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank borrowings and bank overdrafts	—	7
Imputed interest on convertible bonds	—	1,816
	—	1,823

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

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	672	379
Impairment loss on trade receivables, net	213	243
Impairment loss on inventories	948	115
Interest income	(929)	(2,407)
Cost of inventories recognised as expense	49,807	49,946



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 6. INCOME TAX EXPENSE

The income tax expense for the period comprises:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax — Hong Kong:		
Provision for the period	—	—
Current income tax — Mainland China:		
Provision for the period	271	—
Over provision in prior years	—	(173)
	<b>271</b>	(173)
Withholding tax on dividend income	<b>3,298</b>	—
Deferred tax (note 13)	<b>(1,192)</b>	1,725
	<b>2,377</b>	1,552

No Hong Kong profits tax has been provided for the six months ended 30 June 2016 as the Group had no estimated assessable profits arising in or derived from Hong Kong (six months ended 30 June 2015: nil).

PRC Enterprise Income tax has been provided on estimated assessable profits of the subsidiary operating in Mainland China at 25% (six months ended 30 June 2015: 25%).

Withholding tax is levied on profit distribution upon declaration of the undistributed earnings of an associate for the six months ended 30 June 2016 at the rate of 20% (six months ended 30 June 2015: 20%).

### 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2016 is based on the loss attributable to owners of the Company of HK\$529,000 (six months ended 30 June 2015: loss of HK\$4,983,000) and the weighted average number of 1,318,279,590 (six months ended 30 June 2015: 1,148,313,453) ordinary shares.

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Issued ordinary shares at 1 January 2016/1 January 2015	<b>1,331,707,590</b>	1,160,871,287
Effect of share options exercised (note (i))	<b>—</b>	870,166
Treasury shares	<b>(13,428,000)</b>	(13,428,000)
Weighted average number of ordinary shares at 30 June	<b>1,318,279,590</b>	1,148,313,453
Basic and diluted loss per share (HK cents) (note (ii))	<b>(0.04)</b>	(0.43)

Notes:

- (i) This is related to the share options exercised under the Company's share option scheme during the six months ended 30 June 2015.
- (ii) The basic and diluted loss per share are the same for the six months ended 30 June 2016 and 2015. For the six months ended 30 June 2016, there were no potential dilutive shares outstanding. For the six months ended 30 June 2015, the basic and diluted loss per share are the same as the effect of the share options outstanding and the effect of the conversion of outstanding convertible bonds were anti-dilutive.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, additions to property, plant and equipment amounted to HK\$229,000 (six months ended 30 June 2015: HK\$341,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 10. INTEREST IN AN ASSOCIATE

	<b>HK\$'000</b> <b>(Unaudited)</b>	HK\$'000 (Audited)
Movements of interest in an associate are as follows:		
At 1 January 2016/1 October 2014	<b>152,383</b>	150,234
Gain on dilution of interest in an associate (note)	—	1,152
Share of results of an associate	<b>10,532</b>	24,594
Dividend declared/received	<b>(16,488)</b>	(16,080)
Currency realignment	<b>1,180</b>	(7,517)
<b>At 30 June 2016/31 December 2015</b>	<b>147,607</b>	152,383

Note: During the fifteen months ended 31 December 2015, ordinary shares in issue of Yuji Development Corporation ("Yuji") 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 New Taiwan dollars 15 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 asset value of Yuji immediately after the issuance of new shares was 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 10. INTEREST IN AN ASSOCIATE *(Continued)*

As at 30 June 2016, 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 in respect of the Group's associate is set out below:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets	37,522	35,848
Current assets	670,114	574,056
Total assets	707,636	609,904
Current liabilities	(160,157)	(45,400)
Non-current liabilities	(2,797)	(2,800)
Total liabilities	(162,954)	(48,200)
Non-controlling interests	(15,624)	(15,529)
Net assets	529,058	546,175
Share of an associate's net assets	147,607	152,383
Sales	62,299	151,813
Profit for the period	37,718	87,984
Other comprehensive income	4,229	(26,948)
Total comprehensive income	41,947	61,036
Share of results of an associate (net of tax)	10,532	24,594



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Trade receivables	<b>19,387</b>	31,342
Less: Impairment provisions	<b>(1,094)</b>	(881)
Trade receivables - net	<b>18,293</b>	30,461
Dividend receivable from an associate	<b>16,488</b>	—
Prepayments and other receivables	<b>7,339</b>	4,104
	<b>42,120</b>	34,565

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
0 - 60 days	<b>17,496</b>	16,627
61 - 90 days	<b>386</b>	5,302
91 - 120 days	<b>411</b>	7,504
Greater than 120 days	<b>1,094</b>	1,909
	<b>19,387</b>	31,342

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

The Group allows credit periods ranging from 30 to 120 days (31 December 2015: 30 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

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

	<b>HK\$'000 (Unaudited)</b>	HK\$'000 (Audited)
At 1 January 2016/1 October 2014	<b>881</b>	973
Impairment losses recognised	<b>238</b>	265
Impairment losses reversed	<b>(25)</b>	(357)
<b>At 30 June 2016/31 December 2015</b>	<b>1,094</b>	881

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Trade payables	<b>16,213</b>	19,021
Accruals and other payables	<b>20,570</b>	17,983
	<b>36,783</b>	37,004

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
0 - 60 days	<b>11,107</b>	12,962
61 - 90 days	<b>2,407</b>	2,099
Greater than 90 days	<b>2,699</b>	3,960
	<b>16,213</b>	19,021

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

## 13. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior periods:

	<b>HK\$'000 (Unaudited)</b>	HK\$'000 (Audited)
At 1 January 2016/1 October 2014	<b>1,703</b>	—
(Credited)/charged to the statement of profit or loss for the period (note 6)	<b>(1,192)</b>	1,703
<b>At 30 June 2016/31 December 2015</b>	<b>511</b>	1,703

During the current period, deferred tax liabilities were related to the undistributed earnings of the Group's associate which were provided at 20% (31 December 2015: 20%).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 13. DEFERRED TAX LIABILITIES *(Continued)*

At the reporting date, based on the estimation of future profit streams, the Group has unrecognised gross deferred tax assets (before applying tax rates prevailing in the respective jurisdictions) in respect of unused tax losses available for offset against future profits, analysed as follows:

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Unused tax losses	<b>133,473</b>	131,850

The Group records deferred tax assets in respect of tax losses only where there is a reasonable expectation that these tax losses will be utilised in the foreseeable future. Based on forecast income streams and having considered potential future earnings volatility, the Group does not anticipate the utilisation of any significant portion of these unrecognised tax losses or the material reversal of the other temporary differences in the foreseeable future. As at 30 June 2016 and 31 December 2015, the tax losses arise solely in Hong Kong and can be carried forward indefinitely.

### 14. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	<b>Number of shares</b>	<b>HK\$'000</b>
Authorised:		
At 30 June 2016 and 31 December 2015	1,500,000,000	150,000
Issued and fully paid:		
At 30 June 2016 and 31 December 2015	1,331,707,590	133,171

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

## 15. RELATED PARTY TRANSACTIONS

The remuneration of the key management during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Basic salaries and allowances, bonuses and benefits in kind	<b>1,418</b>	1,400
Mandatory provident fund contribution	<b>9</b>	9
	<b>1,427</b>	1,409

Other than the disclosures above, the Group has not entered into any other related party transactions.

## 16. OPERATING LEASE COMMITMENTS

As Lessee

At the reporting date, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of rented premises which fall due as follows:

	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Operating leases which expire:		
Within one year	<b>2,669</b>	1,674
In the second to fifth years inclusive	<b>1,830</b>	1,300
	<b>4,499</b>	2,974

Operating lease payments represent rentals payable by the Group for certain of its office properties and factories. The leases run for an initial period of 1 to 3 years (31 December 2015: 1 to 3 years), with an option to renew the leases and renegotiate the terms at the expiry date or dates as mutually agreed between the Group and the respective landlords. None of the leases contain contingent rentals.

# OTHER INFORMATION

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2016, the interests of the Directors of the Company and their associates in the ordinary shares and underlying ordinary shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

### Long Positions

#### (i) *Interests in the Company*

<b>Name of director</b>	<b>Capacity/Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage interest in the Company's issued shares as at 30 June 2016</b>
Mr. Sun Jih-Hui (Note)	Interests in controlled corporation/ Corporate interest	163,336,303	12.27%

Note:

These shares are held by Kingage International Limited ("Kingage") which is wholly owned by Mr. Sun Jih-Hui.



**DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS** *(Continued)**(ii) Interests in associated corporation*

<b>Name of associated corporation</b>	<b>Name of director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares of associated corporation</b>	<b>Issued shares of associated corporation as at 30 June 2016</b>	<b>Percentage of the associated corporation's issued shares as at 30 June 2016</b>
Yuji Development Corporation	Dato' Choo Chuo Siong (Note)	Interests in controlled corporation/ Corporate interest	26,222,056	181,930,324	14.41%
	Sun Jih-Hui	Beneficial owner/ Beneficial interest	38,143	181,930,324	0.02%
		Interests of spouse/ Family interest	24,090	181,930,324	0.01%

## Note:

Dato' Choo Chuo Siong holds 100% direct interest in Sino Market Global Limited ("Sino Market") and is accordingly deemed to have interest in the shares of Yuji Development Corporation held by Sino Market.

Other than as disclosed above, and except for nominee shares in a subsidiary held in trust for the Group at 30 June 2016, neither the Directors, nor any of their associates, had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2016, the interests or short positions of those persons (other than Directors whose interests disclosed above) in the ordinary shares and underlying ordinary shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

#### Long Positions

<b>Name of shareholders</b>	<b>Capacity/Nature of Interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage interest in the Company's issued shares as at 30 June 2016</b>
Best Service Holdings Limited ("Best Service")	Beneficial owner/Beneficial interest	281,313,309	21.12%
Ever Team Global Limited ("Ever Team") <sup>1</sup>	Interests of controlled corporation/ Corporate interest	281,313,309	21.12%
The Goldenlife PTC Limited ("Goldenlife") <sup>1</sup>	Interests of controlled corporation/ Other interest	281,313,309	21.12%
Kingage	Beneficial owner/Beneficial interest	163,336,303	12.27%
Ms. Chou Chi-Chin <sup>2</sup>	Interests of spouse/Family interest	163,336,303	12.27%

Notes:

1. Goldenlife, as trustee of a discretionary trust, holds 100% direct interest in Ever Team and is accordingly deemed to have interest in the ordinary shares interested by or deemed to be interested by Ever Team for the purpose of Part XV of the SFO. The founder of the said trust is Mr. Lee Shih-Tsung. Ever Team holds 100% direct interest in Best Service and is accordingly deemed to have an interest in the ordinary shares interested by Best Service for the purpose of Part XV of the SFO.
2. Ms. Chou Chi-Chin, being the spouse of Mr. Sun Jih-Hui who wholly owns Kingage, is accordingly deemed to have interest in the ordinary shares interested by or deemed to be interested by Mr. Sun Jih-Hui for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2016, the Company has not been notified of any other interests or short positions in the ordinary shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

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

The Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the period under review.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 period under review.

### **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 period under review, 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.

This interim report for the six months ended 30 June 2016 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 disclosures have been made.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director:

Ms. Kelly Lee  
*(Deputy Chairman and Chief Executive Officer)*

### Non-executive Directors:

Dato' Choo Chuo Siong *(Chairman)*  
Mr. Sun Jih-Hui

### Independent Non-executive Directors:

Dr. Wong Ho Ching  
Mr. Lan Yen-Po  
Ms. Hu Gin Ing

## AUDIT COMMITTEE

Ms. Hu Gin Ing *(Chairman)*  
Dr. Wong Ho Ching  
Mr. Lan Yen-Po

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Dr. Wong Ho Ching *(Chairman)*  
Mr. Lan Yen-Po  
Ms. Hu Gin Ing

## REMUNERATION COMMITTEE

Ms. Hu Gin Ing *(Chairman)*  
Dr. Wong Ho Ching  
Mr. Lan Yen-Po

## REGISTERED OFFICE

Clarendon House  
2 Church Street, Hamilton HM11, Bermuda

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Websites: [www.upi.com.hk](http://www.upi.com.hk), [www.irasia.com/listco/hk/upi](http://www.irasia.com/listco/hk/upi)

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited  
Clarendon House  
2 Church Street, Hamilton HM11, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITOR

BDO Limited

## COMPANY SECRETARY

Ms. Chan Wing Yi

