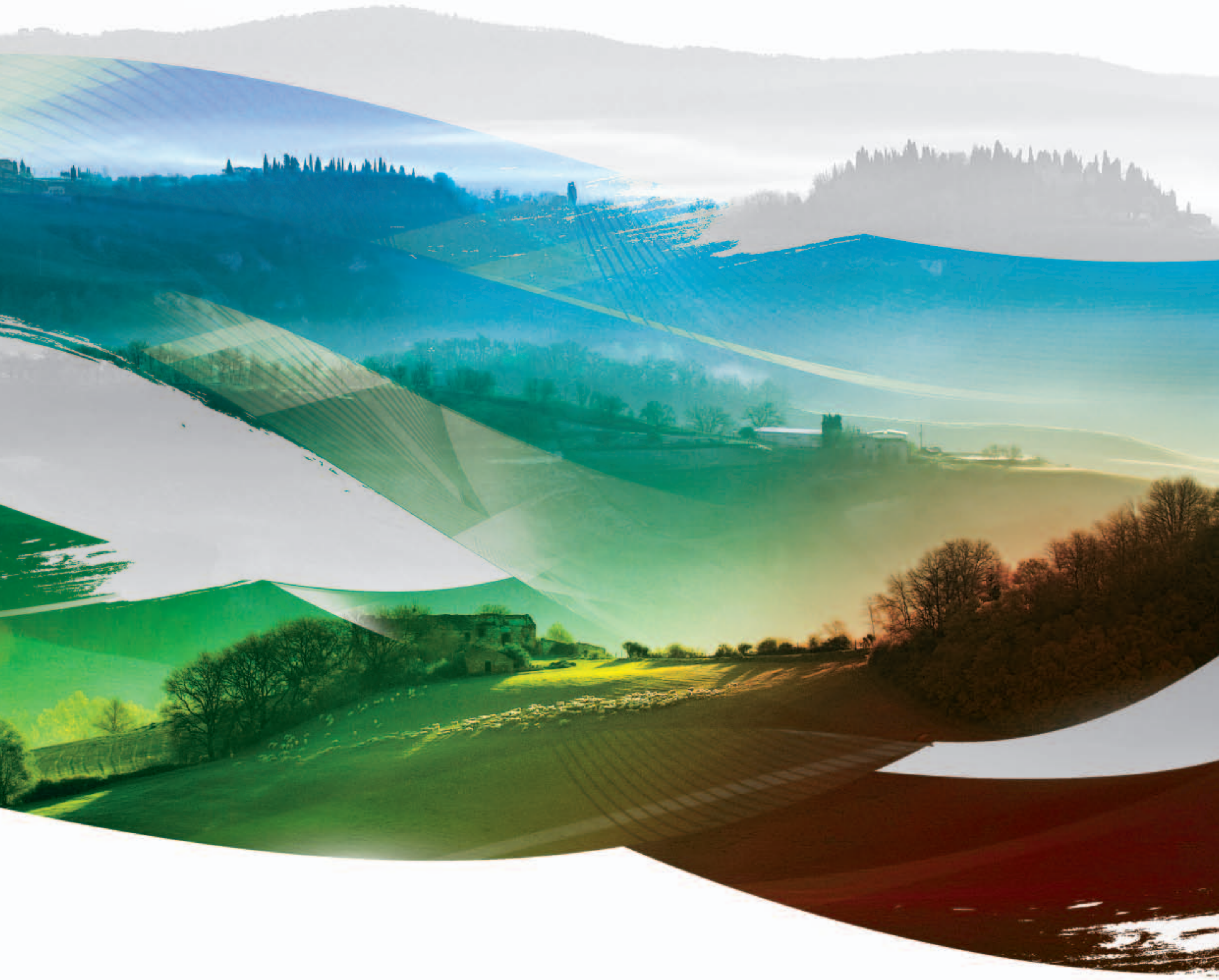

ANNUAL REPORT **2016**

PANTRONICS HOLDINGS LIMITED
桐成控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 1611

CONTENTS

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:
Mr. Henry Woon-hoe Lim *(Chief Executive Officer)*
Mr. Ho Hon Ching *(Chief Operating Officer)*

NON-EXECUTIVE DIRECTOR:
Mr. Hsu Simon Nai-cheng *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. Pochin Christopher Lu
Mr. Danny J Lay
Ms. Hui Leung Ching Patricia

AUDIT COMMITTEE
Mr. Pochin Christopher Lu *(Chairman)*
Mr. Danny J Lay
Ms. Hui Leung Ching Patricia

REMUNERATION COMMITTEE
Mr. Danny J Lay *(Chairman)*
Mr. Pochin Christopher Lu
Mr. Hsu Simon Nai-cheng

NOMINATION COMMITTEE
Ms. Hui Leung Ching Patricia *(Chairman)*
Mr. Danny J Lay
Mr. Hsu Simon Nai-cheng

REGISTERED OFFICE
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PO Box 362
Road Town, Tortola
BVI VG 1110

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Hong Kong
Tel: (852) 3166 8282, Fax: (852) 3166 8299
Website: www.pantronicshk.com

PRINCIPAL BANKER
The Hongkong and Shanghai Banking Corporation Limited

BVI PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW
King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR
BDO Limited

COMPLIANCE ADVISER
Octal Capital Limited
802-805, 8th Floor
Nan Fung Tower
88 Connaught Road Central
Hong Kong

COMPANY SECRETARY
Mr. Som Wai Tong Ivan

Chairman's Statement

"The combination of new capital, new industrial and financial expertise; our reinvigorated business focus will create highly favorable conditions for renewed growth"

For the past 30 years, we have gone through many steep learning curves, and have seen our business develop from a traditional OEM manufacturer and become a competitive, design and innovation-driven EMS provider today.

The successful listing of Pantronics Holdings Limited ("PHL") on the Main Board of the Stock Exchange of Hong Kong Limited on 21 November 2016, has provided the financial strength and market visibility for us to move into the next phase of our growth.

With the current global economic and political uncertainty, we know there will be headwinds in front of us but, with our strong balance sheet, we also know this could be the best opportunity to improve our facilities and attract new talents, so we can be ready and emerge as a stronger player with competitive advantages when the global economy is back on its feet again.

We are also extremely excited with a series of policies issued by the Chinese government in favour of the EMS industry. The "Made in China 2025" strategy and the "Belt and Road" policy, are both aimed at upgrading China from a manufacturer of quantity to one of quality, and further strengthening connectivity and commerce between China, Europe and Asia by building infrastructure and boosting financial and trade ties.

There are ten manufacturing sectors classified as priority development industries in the "Made in China 2025" strategy. As solenoid coils, industrial grade chargers and LED lighting for commercial use are used in equipment/machines in almost all of the priority development industries, demand for our products is expected to increase in line with the development of these ten manufacturing sectors. Along with "Made in China 2025", the "Belt and Road" policy will also offer great opportunities to open new export destinations for our products to enter into new markets.

Other than the strategy of internal growth, we will also consider opportunistic acquisitions that are in the core competency of our board and senior management. Whatever acquisition candidate we consider, one thing will remain constant at PHL: we will only proceed when we have a high degree of confidence that the acquisition will add sufficient value to our existing shareholders to justify any risks involved in business acquisitions.

At PHL the interests of our shareholders – particularly long-term share price appreciation – are of primary importance to us. We believe creating success for our shareholders ultimately means creating growth in per-share value in terms of underlying sales, assets, earnings and a consistent dividend policy.

In closing, I would like to thank all who have contributed to our success: our employees for their diligent work; our independent Directors for their guidance and advise; our customers for purchasing our products and; our shareholders for their belief in our abilities and for their support.

Hsu Simon Nai-cheng
Chairman
Hong Kong
16 December 2016

Management Discussion and Analysis

BUSINESS OVERVIEW

Pantronics Holdings Limited (the "Company", together with its subsidiaries (the "Group")) has experienced a 11.8% reduction in revenue in FY 2016, primarily due to the continued economic slow-down in Europe and the US. The weak global growth and political uncertainty in both Europe and the US has had a direct adverse impact on the Group's top line growth.

Despite reduced revenue and intense price competition, the Group has increased both its gross profit and gross profit margin in FY 2016 as reduced raw material costs, predominantly copper, relatively stable labour costs and improvements in operational efficiencies, have contributed to the strong gross margin contribution.

The Group has faced many challenges in FY 2016 including temporary labour shortages around the Chinese New Year period and continued pressure from certain customers to reduce sales prices. However, it has been highly successful in managing its business operations during FY 2016.

During FY 2016, the Group has continued to develop new products and adapt to technological advancements and changes in the market environment. Research and development into an electronic hook has resulted in a Chinese patent and the Group is looking to expand its patent coverage in its major markets in the forthcoming year.

Excluding the impact of HK$17.2 million of one-time listing expenses incurred in FY 2016 and the FY 2015 non-recurring interest receivable of HK$2.5 million, the adjusted profit before tax in FY 2016 of HK$40.7 million is comparable with that in FY 2015 of HK$40.7 million. Given the economic climate, this is a positive result for the Group.

The Group has also seen a strong cash generation in FY 2016 as its net cash has improved by HK$11.4 million from HK$23.4 million as at 30 September 2015 to HK$34.8 million as at 30 September 2016. This represents cash generation of HK$39.9 million before taking into account the HK$28.5 million dividend payments in FY 2016.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by HK$38.6 million or 11.8% from HK$327.6 million in the year ended 30 September 2015 to HK$289.0 million in the year ended 30 September 2016, primarily due to the continued economic slowdown in Europe and the US. Specifically, solenoid coil revenue, the Group's largest revenue stream, decreased by 25.4% while sales to its largest customer suffered a 25.2% decline. At the same time, the Group witnessed a 19.5% increase in its LED lighting sales.

Cost of sales

Cost of sales, primarily comprising direct materials, direct labour and manufacturing overheads, amounted to HK$219.9 million and HK$259.6 million for the years ended 30 September 2016 and 30 September 2015, respectively. This represents 76.1% and 79.2% of revenue for the years ended 30 September 2016 and 30 September 2015, respectively. While the cost of sales has moved in line with revenue, lower raw material costs and relatively stable labour rates have also contributed to the decreased costs.

Gross profit and gross profit margin

The Group's gross profit was HK$69.1 million and HK$68.1 million, representing a gross profit margin of 23.9% and 20.8% for the years ended 30 September 2016 and 30 September 2015, respectively.

Despite reduced sales in the year, the gross profit increased by HK$1.1 million and the gross profit margin increased to 23.9%. This reflects the combination of lower raw material costs, predominantly copper costs, coupled with unchanged minimum labour rates when compared to the prior year. Additionally, the Group benefited from reduced sales of lower margin sales into Europe.

Other income

Other income, which includes certification and inspection fees, sample sales and rework costs recharged to customers, decreased by HK$1.0 million in the year ended 30 September 2016. This is in line with the reduced sales activity that the Group has witnessed during FY 2016.

Interest income

Interest income decreased by HK$2.6 million from HK$2.7 million in the year ended 30 September 2015 to HK$0.1 million in the year ended 30 September 2016. The prior year included interest of HK$2.5 million in relation to immediate parent undertaking loans and shareholder loans which were repaid during the year ended 30 September 2015.

Selling and distribution expenses

Selling and distribution expenses decreased by HK$1.2 million or 13.6% from HK$9.0 million in the year ended 30 September 2015 to HK$7.8 million in the year ended 30 September 2016. The decrease was primarily due to decreased sales levels.

Administrative expenses

Administrative expenses increased by HK$0.7 million or 3.3% from HK$21.6 million in the year ended 30 September 2015 to HK$22.3 million in the year ended 30 September 2016. This marginal increase includes increases in staff salaries, allowances and welfare costs as well as increases in head office rentals.

Finance costs

Finance costs increased by HK$0.2 million from HK$1.1 million in the year ended 30 September 2015 to HK$1.3 million in the year ended 30 September 2016. This was primarily attributable to increased average borrowing levels during the year ended 30 September 2016.

Listing expenses

The Group has incurred listing expenses of approximately HK$17.2 million in the year ended 30 September 2016 in relation to the Group's listing (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 21 November 2016 (the "Listing Date").

Profit before tax

The Group's profit before tax has decreased by HK$19.8 million or 45.8% from HK$43.2 million for the year ended 30 September 2015 to HK$23.4 million in the year ended 30 September 2016. Excluding the impact of the HK$17.2 million listing expenses incurred in FY 2016 and the non-recurring interest receivable of HK$2.5 million received in FY 2015, the adjusted profit before tax in both years would have been HK$40.7 million.

Income tax expense

Our income tax expense decreased by HK$1.2 million or 12.2% from HK$10.0 million in the year ended 30 September 2015 to HK$8.8 million in the year ended 30 September 2016. The effective tax rates for the years ended 30 September 2016 and 2015 were 37.4% and 23.1%, respectively. Excluding the impact of HK$17.2 million of listing expenses which have been treated as non-tax deductible, the effective tax rate for the year ended 30 September 2016 was 21.5%.

Profit for the year

Net profit decreased by HK$18.5 million or 55.8% from HK$33.2 million in the year ended 30 September 2015 to HK$14.7 million in the year ended 30 September 2016. Excluding the impact of the HK$17.2 million listing expenses in FY 2016, the net profit would have been HK$31.9 million, HK$1.3 million or 4.0% lower than that for the year ended 30 September 2015. Despite reduced revenues, the Group has benefited from lower raw material costs and stable labour rates, which has ensured that its underlying profitability has not been eroded.

Dividend

On 14 December 2015, the Company declared an interim dividend in relation to the year ended 30 September 2016 of HK$50,000,000 (HK$250,000 per ordinary share), of which HK$20,000,000 was paid on 16 December 2015, the remaining HK$30,000,000 was later rescinded by the Board ("the Board") on 29 January 2016.

On 15 April 2016, the Company declared a second interim dividend in relation to the year ended 30 September 2016 of HK$30,000,000 (HK$150 per ordinary share) which was paid on 28 October 2016. This dividend has been recognised as a liability at 30 September 2016.

The Board does not recommend the payment of a final dividend for the year ended 30 September 2016.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We finance our operations primarily through cash generated from our operating activities and bank borrowings. The Group's net cash as at 30 September 2016, together with the prior year comparatives, is summarised below:

	2016	**2015**
	HK$'000	*HK$'000*
Cash and bank balances	74,456	67,264
Less: interest-bearing bank borrowings	(39,682)	(43,891)
Net cash	34,774	23,373

The interest-bearing bank borrowings are repayable within one year or on demand.

The working capital position of the Group remains healthy and we expect that our liquidity position will be further strengthened by using a combination of cash generated from operating activities, bank borrowings and net proceeds received from the share offer. Going forward, we expect to use our resources for our operations and the expansion plans as stated in the prospectus of the Company dated 9 November 2016 (the "Prospectus").

Consistent with other businesses, the Group uses the gearing ratio as a means of capital management. This is calculated as net debt divided by total equity attributable to owners of the Company. At both 30 September 2016 and 30 September 2015, the Group was in a net cash position, so the calculation of the gearing ratio is not applicable.

CASH FLOW FROM OPERATING ACTIVITIES

Net cash generated from operating activities was HK$43.8 million (2015 – HK$28.7 million). Contributing to the increased FY 2016 net cash inflow were decreases in working capital of HK$24.5 million in FY 2016, compared to HK$4.5 million in FY 2015 and the non-occurrence in FY 2016 of HK$13.4 million decrease in the amount due to the immediate holding company, offset by a lower level of operating profit.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash used in investing activities was HK$0.6 million in FY 2016 compared to HK$76.3 million generated from investing activities in FY 2015. The FY 2015 cash generation included a HK$43.8 million repayment of loans from the immediate parent undertaking, a HK$31.0 million shareholder loan repayment and capital expenditure of HK$2.3 million. The FY 2016 outflow included HK$0.6 million of capital expenditure.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities was HK$34.0 million in FY 2016 compared to HK$76.2 million in FY 2015. The FY 2016 outflow included HK$28.5 million of dividend payments and HK$4.2 million of bank borrowing repayments. The FY 2015 outflow included HK$78.6 million of dividend payments off-set by a HK$3.5 million increase in bank borrowings.

CAPITAL EXPENDITURE

Capital expenditure in FY 2016, financed by internal resources and banking facilities, amounted to HK$0.6 million (2015 – HK$2.3 million).

TREASURY MANAGEMENT

During FY 2016, there has been no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

We closely review our trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

For exchange risk management, the Group's foreign currency risk is mainly concentrated on the fluctuation of the US$ against the RMB. While the Group has no formal hedging policy, it seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain forward foreign exchange contracts to minimise any currency risks, when necessary.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

For FY 2016, sales to the largest customer and the five largest customers accounted for 32.0% and 76.5%, respectively, of total sales for FY 2016.

Purchases from the largest supplier and the five largest suppliers accounted for 16.9% and 34.8%, respectively, of total purchases for FY 2016.

As far as the Directors are aware, none of the Directors of the Company, their associates, or any shareholder has any interest in the customers or suppliers of the Company disclosed above.

CHARGE ON GROUP ASSETS

As at 30 September 2016, the banking facilities of the Company's wholly owned subsidiaries based in Hong Kong and the PRC, amounted to approximately HK$108.6 million, comprising overdraft, confidential invoicing and import loans. The facilities are secured against certain keyman insurance and debentures over all of the assets of Pantene Industrial. As at 30 September 2016, the amount drawn down under the confidential invoice facility was HK$32.9 million and the import loans facility was HK$6.8 million.

As at 30 September 2015, the banking facilities of the Company's wholly owned subsidiaries based in Hong Kong and the PRC, amounted to approximately HK$109.8 million, comprising overdraft, confidential invoicing and import loans. The facilities were secured against certain keyman insurance and debentures over all of the assets of Pantene Industrial and guarantees from the Company and its immediate and ultimate holding companies, collectively the corporate guarantees. As at 30 September 2015, the amount drawn down under the confidential invoice facility was HK$34.1 million and the import loans facility was HK$9.8 million. The corporate guarantees in respect of import loans and confidential invoicing were subsequently released on 11 November 2015 and 17 December 2015, respectively.

CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have any significant contingent liabilities (2015 – Nil).

COMMITMENTS

Our contract commitments include minimum lease payments under non-cancellable operating leases in respect of rented premises of approximately HK$ 6.2 million (2015 – HK$4.6 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

In preparation for the Listing, the Company underwent a corporate reorganisation, the details of which are set out in the section headed "History, Reorganisation and Group Structure" of the Prospectus.

Save as disclosed herein, there has been no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company during the year ended 30 September 2016.

FUTURE PLANS OF MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as those disclosed in the sections "Use of Proceeds from the Share Offer" and "Outlook" in this annual report, the Group had no plan for other material investment or capital assets as at 30 September 2016.

EMPLOYEES

As at 30 September 2016, the Group had 776 employees (30 September 2015 – 871) working in Hong Kong, the PRC and the USA. The reduction in the year reflects the reduction in sales revenues. Employees are remunerated according to their performance and work experience. The Group has also adopted certain bonus programmes, which are determined annually based on certain criteria including performance of the Company and individual employees. The total employment costs (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 30 September 2016 amounted to approximately HK$63.3 million (30 September 2015 – HK$66.1 million).

USE OF PROCEEDS FROM THE SHARE OFFER

Our Company was successfully listed on the Main Board on 21 November 2016 under the net share offer (the "Share Offer") in connection with 63,000,000 new shares of the Company ("New Shares") and 27,000,000 sale shares of the Company ("Sale Shares"). The net proceeds from the Share Offer were approximately HK$63.6 million, after deducting the listing-related expenses.

In line with disclosures in the Prospectus, the Company intends to use the net proceeds as follows:

(a) approximately HK$62.0 million (or approximately 97.5% of our total net proceeds) will be used for streamlining and modernising our production process as well as the re-location of production facilities from the Songgang factory to a self-contained leasehold manufacturing facility in the Shenzhen area of which:

   (i) approximately HK$29.4 million (or approximately 46.2% of our total net proceeds) will be used to purchase new machines and equipment for the installation of new production lines, including injection moulding machines, auto-wiring machines and SMT machines;

   (ii) approximately HK$15.4 million (or approximately 24.3% of our total net proceeds) will be used for the leasehold improvements to the new manufacturing facility in Shenzhen;

   (iii) approximately HK$10.3 million (or approximately 16.2% of our total net proceeds) will be used to manufacture additional inventories to meet our customers' demands during the relocation process and;

   (iv) approximately HK$6.9 million (or approximately 10.8% of our net proceeds) will be used to relocate our existing machines and equipment to the new manufacturing facility, including relocation expenses and deposits payable on the new production plant and dormitory leases; and

(b) approximately HK$1.6 million (or approximately 2.5% of our total net proceeds) will be used for general working capital and general corporate purposes.

On 30 December 2016, following the receipt of construction planning acceptance and completion acceptance approvals by the landlord of our pre-leased property and negotiation of detailed terms and conditions, we entered into a formal lease agreement with the landlord regarding buildings in Guangming New District, Shenzhen City.

As at the date of this annual report, the Directors do not anticipate any change to the plan of the use of proceeds as disclosed above. The unused net proceeds have been deposited with banks in Hong Kong.

OUTLOOK

Our Company listed on the Main Board of the Hong Kong Stock Exchange on 21 November 2016. The Directors believe that this is a significant milestone in the Company's history and the net proceeds received from the Share Offer will raise our corporate profile, strengthen our capital base and enable us to implement our business strategies and initiatives as set out in the Prospectus. Because of the relatively short period between the Listing Date and the date of this annual report, the Group is still in its preliminary stage of implementing its business strategies and initiatives as set out in the Prospectus. The Group however, is fully committed to its business development plan and will strive to meet in full its undertakings and commitments as set out in the Prospectus.

Our principal business objective is to achieve sustainable growth in our current business and to strengthen our capability to secure more business opportunities.

To this end, we are looking to streamline and modernise our production processes and improve our production efficiency and enable us to take advantage of the predicted growth in the solenoid coil market. This involves the relocation of our manufacturing facilities, currently carried out at our Songgang Factory, to a self-contained leasehold manufacturing facility in the Shenzhen area. As well as relocating to a new site, we plan to invest in new equipment. We believe that, by streamlining and modernising our production processes, we will be able to increase production capacity, thereby enjoying economies of scale and production efficiencies, which will enable us to compete more successfully and improve our financial performance.

The manufacture of solenoid coils, battery charger solution and power supply and LED lighting, our major product groups, are characterised by rapid technological advancements. In order to keep up to date with the evolving advancements and market and customer demands, we are planning to strengthen our product development capabilities by continuing to invest in highly-competent and well-trained employees as well as using our existing facilities, such as plastic-injection moulding, to expand our core competencies.

Additionally, our past focus has been on design and manufacture to customer requirements rather than the development and promotion of our own brands. We believe that, in order to promote and enhance our product and corporate recognition, we need to engage more actively in marketing and promotional activities. To this end, we have already restructured our sales and marketing team and are planning to recruit more marketing staff to engage in more market networking activities and, in conjunction with our product development capabilities, to promote and expand our customer base. Initially, efforts are being concentrated in the PRC, then as our capabilities and resources grow, this will be expanded.

A major part of our strategic plan is to expand and grow our market share in our solenoid coil business. According to industry market research, the total production of solenoid coils in the PRC is expected to grow significantly in the next few years. Our market share in the PRC is relatively small. As discussed in the Prospectus, we have entered into a non-legally binding memorandum of understanding with our largest customer, to establish a joint venture company to engage in the production of solenoid coils in the PRC and subsequently supply to our largest customer and other potential customers. Our company will own the majority interests in the joint venture and will exercise control over the operation. We are currently negotiating the terms and conditions of the agreement. The Directors believe that the joint venture will enable us to increase our market share, benefit in the expected growth in the PRC and develop highly price-competitive products.

Fiscal 2017 will be a busy time for our Group as we implement our various business objectives as well as managing our underlying current business.

Entering the new financial year, it is clear that there are certain financial and economic uncertainties in the markets in which our Group operates which could have a negative impact on our business activities.

Fiscal 2017's results will be adversely affected by remaining estimated listing costs of approximately HK$4.9 million which will be charged to the consolidated statement of profit and loss in addition to relocation costs and incremental costs associated with a listed company. While our anticipated 2017 results will be adversely affected by the initial costs associated with our business initiatives, the Group's strategy is to achieve sustainable growth going forward and in the medium to long term enhance shareholders' value.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Henry Woon-hoe Lim, aged 65, is the chief executive officer and an executive Director. Mr. Lim has been a Director since 1 July 2010.

Mr. Lim has over 30 years of experience in professional audit, financial accounting and international management. Prior to joining our Group, he spent 15 years with Fritz Companies, Inc., a former NASDAQ-listed company, where he was promoted to become a director of finance for international operations. He then served as the chief financial officer of Morrison Express Corporation, an Asia-based global freight forwarding and logistics service provider, from February 2000 to May 2009. In September 2004, he was appointed as an independent non-executive director of United Pacific Industries Limited ("UPI") (stock code: 0176), a company listed on the Hong Kong Stock Exchange, and subsequently became the executive director and chief executive officer of UPI from June 2010 until September 2014. Mr. Lim has been the chief executive officer of SNH Global Holdings Limited ("SNHGH") since October 2014.

Mr. Lim is a certified public accountant and is a fellow of the Institute of Singapore Chartered Accountants, Certified Public Accountants Australia and the Association of Chartered Certified Accountants.

Mr. Lim obtained his Bachelor of Commerce with Honours from Nanyang University (now known as Nanyang Technological University) of Singapore in 1974.

Mr. Ho Hon Ching, aged 55, is the chief operating officer and an executive Director and was appointed as Director of the Company on 15 January 2016.

Mr. Ho has worked in the manufacturing field for more than 35 years, of which over 25 years has been spent in the electronics industry. He joined the Group in 1999 and has been the chief executive officer of Pantene Industrial since September 2008. Prior to joining our Group, Mr. Ho was the senior engineer of Contrad Ltd. from May 1995 to March 1999. He was the section head of the engineering department of Semiconductor Mold & Dies Ltd. from June 1994 to April 1995 and a CAD draftperson of Schneider Pty Limited from January 1990 to March 1994, respectively.

Mr. Ho obtained his associate diploma in mechanical engineering and his associate diploma in electrical/electronic engineering from the Granville College of TAFE in Australia in December 1993.

NON-EXECUTIVE DIRECTOR

Mr. Hsu Simon Nai-cheng (徐乃成), aged 56, is the chairman, the non-executive Director and a member of each of the Remuneration Committee and the Nomination Committees of the Board. Mr. Hsu has been a Director since 16 January 2015.

Mr. Hsu has over 30 years of experience as a corporate executive in Asia, Europe and North America. He is currently the Chairman of SNHGH, a diversified holding company with principal subsidiaries operating globally.

He is also the Executive Chairman of e-commerce Logistics Group, a Greater China-focused logistics and supply chain management company headquartered in Hong Kong.

Mr. Hsu was the managing director of Hanson Pacific Limited, the Asian arm of Hanson PLC, a major UK-headquartered international industrial conglomerate operating in basic industries, including natural resources, chemicals, building materials, tobacco, forest products and material handling from 1993 to 1996. He was a director and vice-chairman of UPI (stock code: 0176) from July 1996 to May 2014 and from June 2003 to May 2014, respectively.

Mr. Hsu obtained his Bachelor of Science in Business Administration from the California State University at Northridge, majoring in real estate, in May 1983.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pochin Christopher Lu, aged 58, was appointed as an independent non-executive Director, the chairman of the Audit Committee of the Board, and a member of the Remuneration Committee of the Board on 27 October 2016.

Mr. Lu is currently an executive director of Foxconn Interconnect Technology Ltd. and has, since 12 August 2015, been serving as an independent non-executive director and the chairman of the audit committee of Greenland Holdings Corp Ltd (stock code: 600606, listed on the Shanghai Stock Exchange). Since 18 September 2016, he is also the independent non-executive director and chairman of the audit committee of Honma Golf Limited (stock code: 6858, listed on the Main Board of the Hong Kong Stock Exchange).

He retired from Deloitte China in December 2014. He joined Deloitte U.S. in Los Angeles as an audit associate in 1981. During his 34 years of service with Deloitte, he had held many executive positions including Deloitte China CEO from 2008 to 2013, and a member of the Deloitte Touche Tohmatsu Limited Global Executive Committee from 2012 to 2013. He has also led a number of Deloitte initiatives in support of national policies and programs such as those of the Ministry of Finance and the State-owned Assets Supervision & Administration Commission.

Mr. Lu's professional and personal contributions have been recognised by the community. He is a two-time winner of the Shanghai's Magnolia Award in 2003 and 2005, which recognises expatriates for their deep friendship with and significant contributions to the development of the city of Shanghai.

Mr. Lu graduated with a Master's Degree in accounting science from the University of Illinois, Urbana - Champaign USA in January 1981. He is also a member of the Chinese Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Mr. Danny J Lay, aged 64, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee of the Board, and a member of each of the Audit Committee and the Nomination Committee of the Board on 27 October 2016.

Mr. Lay has over 32 years of experience in operational management. He was the Special Assistant to the Governor of the State of Missouri, the U.S.. Mr. Lay was the business leader of Emerson Commercial and Residential Solutions, Asia Pacific Region, the vice president of business development & operations of Emerson Electric Company, and the chairman and director of Emerson Professional Tools (Shanghai) Ltd. He is currently a consultant of Emerson World HeadQuarter, St Louis, MO, the U.S..

Mr. Lay obtained his Bachelor of Science in Physics from the Chung Yuan Christian University of Taiwan in June 1977 and his Master of Business Administration from Drury University in Missouri of the United States in August 1979. He is a fellow member of the Hong Kong Institute of Directors and a member of the board of trustees at Drury University in Missouri of the United States.

Mr. Lay was an independent non-executive director of Allied Industrial Corporation Limited, a company listed on the Taipei Exchange (formerly the GreTai Securities Market) from 2012 to August 2015. He is an independent non-executive director of Golden Eagle Retail Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3308), and Forward Electronics Co Limited, a company listed on the Taipei Exchange since May 2014 and June 2016 respectively.

Ms. Hui Leung Ching Patricia, aged 49, was appointed as an independent non-executive Director, the chairman of the Nomination Committee of the Board, and a member of the Audit Committee of the Board on 27 October 2016.

Ms. Hui has over 20 years of experience in the legal, regulatory, compliance and corporate secretarial fields. She is currently the Associate General Counsel of Hanesbrands Inc., overseeing the legal and company secretarial functions in Asia, Australia and Jordan. Prior to joining Hanesbrands Inc., Ms. Hui was group legal counsel of Hutchison Whampoa Group from July 2000 to September 2006 and head legal adviser of China Resources Enterprises Limited from October 2006 to October 2009, and had also worked in private practice for around nine years.

Ms. Hui obtained her Bachelor of Law degree from the King's College, University of London, in August 1989. She was admitted as a solicitor in England and Wales in 1992 and Hong Kong in 1993. She is also a fellow of the Hong Kong Institute of Chartered Secretaries.

SENIOR MANAGEMENT

Mr. Fung Chow Man, aged 55, has been our financial controller since October 2007 and is responsible for the overall financial management of the Songgang Factory.

Mr. Fung has over 20 years of experience in accounting, auditing and taxation. Prior to joining our Company, Mr. Fung had been the financial controller at MEGA Brands Toys Manufacturing (Shenzhen) Co., Limited from May 2005 to June 2007 and the financial controller at Winsome Toys Manufactory Ltd. from July 1991 to April 2005.

Mr. Fung obtained a Master of Science in Accounting from the Appalachian State University of North Carolina, the United States, in 1991.

Mr. Wong Chi Kwan, aged 51, joined Pantene in July 2001 and is currently the chief operating officer of Pantene Industrial. He is responsible for supply chain management (including production control, purchasing and material control, shipping & warehouse, engineering and quality control functions). Mr. Wong has 25 years of experience in the manufacturing field. Mr. Wong obtained a Higher Diploma in Production and Industrial Engineering from the Hong Kong Polytechnic, a Bachelor's Degree in Transport and Logistics Management from the Royal Melbourne Institute of Technology in Australia, and a Master's Degree in Manufacturing Systems Engineering from the University of Warwick in the UK.

Mr. Chan Wang Cheung, aged 62, joined Pantene Industrial in October 1982 and is currently the vice president of its engineering team. He is responsible for all engineering aspects of different product design and quality control. He has over 32 years of experience in the electronics and manufacturing field.

COMPANY SECRETARY

Mr. Som Wai Tong Ivan, aged 45, is our Company Secretary and is responsible for the company secretarial function.

Mr. Som has over 15 years of experience in accounting, auditing and taxation. Prior to joining our Company, Mr. Som had been an accountant at General Mills Hong Kong Ltd from March 2002 to November 2003 and an accountant at Johnson Matthey Hong Kong Limited from October 1999 to April 2001. He was the company secretary of UPI (stock code: 0176) from September 2008 to October 2014.

Mr. Som is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding high standards of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguarding the interests of the shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. The shares were listed on the Stock Exchange with effect from the Listing Date. As the Company was not a listed company during the year ended 30 September 2016, the Code on Corporate Governance Practices as set out in Appendix 14 (the "CG Code") was not applicable to the Company during the year under review. The CG Code has been applicable to the Company with effect from the Listing Date. Set out below are the principles of corporate governance as adopted by the Company from the Listing Date.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions of the CG Code to the Listing Rules from the Listing Date up to the date of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules. As the shares of the Company were not listed on the Hong Kong Stock Exchange until 21 November 2016, the Model Code was not applicable to the Company during the year ended 30 September 2016. Specific enquiries have been made of all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out the Model Code since the Listing date and up to the date of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors are aware of their responsibilities to the shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director shall receive a formal, comprehensive and tailored induction to ensure that he or she has a proper understanding of the business and operations of the Group and that he or she is fully aware of his or her duties and responsibilities as a director under applicable statutory and regulatory rules and requirements.

All Directors are provided with regular updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices. In January 2016, the Company together with its legal adviser, organised a training session to provide each of the Directors with an update on the Listing Rules.

THE BOARD, ROLE AND FUNCTION

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for the day-to-day management and operations of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Composition

As at the date of this annual report, the Board currently comprises six members, consisting of two executive Directors, one non-executive Director and three independent non-executive Directors.

The independent non-executive Directors are expressly identified in all corporate communication pursuant to the Listing Rules.

The Board comprises the following Directors:

Executive Directors
Mr. Henry Woon-hoe Lim
Mr. Ho Hon Ching

Non-executive Director and Chairman
Mr. Hsu Simon Nai-cheng

Independent non-executive Directors
Mr. Pochin Christopher Lu
Mr. Danny J Lay
Ms. Hui Leung Ching Patricia

Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 11 to 13 of this annual report.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieving a sustainable and balanced development of our Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the Nomination Committee, and where appropriate, revisions will be made with the approval from the Board.

Board Meetings

The Board has four scheduled meetings a year. Additional meetings will be arranged if and when required.

The company secretary of the Company (the "Company Secretary") assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. Generally, at least 14 days' notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in such form and quality as will enable the Board to make an informed decision on matters placed before it, to all Directors at a reasonable time before the intended date of a Board meeting.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

The Company Secretary is responsible for taking minutes of Board and Board committee meetings. Drafts and final versions of which would be sent to Directors for comments and records respectively, in both cases within a reasonable time after each meeting. Minutes are recorded in sufficient detail stating the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of the Board and Board committees' meetings are kept by the Company Secretary and are open for inspection by any Director or committee member.

If a substantial shareholder of the Company or a Director has a conflict of interest in a matter (including material transactions with connected persons) which the Board has determined to be material, a Board meeting will be held instead of by way of resolution.

Attendance records

From the Listing date up to the date of the annual report, one Board meeting was held on 16 December 2016 and the attendance record was as follows:

Name of Directors	Meeting attended/ number of Board meetings
Executive Director	
Mr. Henry Woon-hoe Lim	1/1
Mr. Ho Hon Ching	1/1
Non-executive Director	
Mr. Hsu Simon Nai-cheng	1/1
Independent non-executive Directors	
Mr. Pochin Christopher Lu	1/1
Mr. Danny J Lay	1/1
Ms. Hui Leung Ching Patricia	1/1

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expense. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to the operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access the Company's senior management to make further enquiries, if necessary.

Appointments and re-election of Directors

Directors can be nominated by members of the Board during the year to fill casual vacancies or as an addition to the existing Board. The Nomination Committee, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment of new Directors. The Nomination Committee then nominates the most suitable candidate to be appointed to the Board.

According to the articles of association of the Company (the "Articles of Association"), any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with Code provision A.4.2, all Directors are subject to retirement by rotation at least once every three years at each annual general meeting. Any new Director appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company and they will be eligible for re-election at the annual general meeting under the Bye-Laws of the Company. Accordingly, Mr. Henry Woon-hoe Lim, Mr. Pochin Christopher Lu, Mr. Danny J Lay and Ms. Hui Leung Chung Patricia will hold office as the Directors until the forthcoming annual general meeting of the Company and are subject to re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the Listing Date, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, the number of which must represent at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications and accounting and related financial management expertise.

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considers that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for the accounts and the responsibilities of the external auditor to the shareholders are set out on page 30 of this annual report.

NOMINATION COMMITTEE

The Company has established a Nomination Committee with terms of reference in compliance with paragraph A.5 of the CG Code.

The Nomination Committee comprises three members, namely Ms. Hui Leung Ching Patricia (chairman of the Nomination Committee), Mr. Danny J Lay and Mr. Hsu Simon Nai-cheng, the majority being independent non-executive Directors. The principal duties of the Nomination Committee include, among other things:

- review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of independent non-executive Directors;
- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and
- conform to any requirement, direction and regulation that may from time to time be contained in the memorandum and Articles of Association of the Company or imposed by the Listing Rules or applicable law.

The Nomination Committee was established on 27 October 2016. As the Company only became listed on 21 November 2016, no Nomination Committee meetings were held during the year ended 30 September 2016. However, on 16 December 2016, a meeting of the Nomination Committee was held to review the structure and composition of the Board and the Board diversity policy and assess the independence of the independent non-executive Directors.

Name of Directors	Meeting attended/ eligible to attend
Ms. Hui Leung Ching Patricia	1/1
Mr. Danny J Lay	1/1
Mr. Hsu Simon Nai-cheng	1/1

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with terms of reference in compliance with paragraph B.1 of the CG Code.

The Remuneration Committee comprises three members, namely Mr. Danny J Lay (chairman of the Remuneration Committee), Mr. Pochin Christopher Lu and Mr. Hsu Simon Nai-cheng. The majority of the members of the Remuneration Committee are independent non-executive Directors which complies with Rule 3.25 of the Listing Rules. The principal duties of the Remuneration Committee include, among other things:

– consult with the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;

– make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

– review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

– make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

– make recommendations to the Board on the remuneration of non-executive Directors;

– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

– review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

– review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;

– ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

– conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and Articles of Association or imposed by the Listing Rules or applicable law.

The Remuneration Committee may consult with the Chairman about its proposals relating to the remuneration of other executive Directors. The Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the performance relative to the industry and the performance of the individual Directors. The Company reviews the remuneration package annually, taking into consideration market practice, competitive market position and individual performance.

The Remuneration Committee was established on 27 October 2016. As the Company only became listed on 21 November 2016, no Remuneration Committee meetings were held during the year ended 30 September 2016. From the Listing Date up to the date of the annual report, a meeting of the Remuneration Committee was held on 16 December 2016 to approve the incentive bonus scheme for the Company's key executives.

Name of Directors	Meeting attended/ eligible to attend
Mr. Danny J Lay	1/1
Mr. Pochin Christopher Lu	1/1
Mr. Hsu Simon Nai-cheng	1/1

AUDIT COMMITTEE

The Company has established an Audit Committee with terms of reference aligned with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee is to serve as a focal point for communication among other Directors, the external auditor, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Pochin Christopher Lu (chairman of the Audit Committee), Mr. Danny J Lay and Ms. Hui Leung Ching Patricia. The primary duties of the Audit Committee include:

– to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve and review the remuneration and terms of engagement of the external auditors;

– to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– to develop and implement policy on engaging external auditor to supply non-audit services;

– to monitor the integrity of financial statements and the annual report and accounts and interim report, and to review significant financial reporting judgments contained in them;

– to discuss the risk management and the internal control systems with the management of our Group to ensure that the management of our Group has performed its duty to have effective internal control systems; and

– to conform to any requirement, direction and regulation that may from time to time be contained in the memorandum and Articles of Association or imposed by the Listing Rules or applicable law.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

From the date of its appointment and up to the date of the annual report, the Board has had no disagreement with the Audit Committee's view on the re-appointment of the external auditor.

The Audit Committee was established on 27 October 2016. As the Company only became listed on 21 November 2016, no Audit Committee meetings were held during the year ended 30 September 2016. From the Listing Date up to the date of the annual report, a meeting of the Audit Committee was held on 16 December 2016 to review the financial results of the Group for the year ended 30 September 2016, for submission to the Board for approval and to review the internal control and risk management systems of the Group.

The attendance records of each member of the Audit Committee are set out below:

Name of Directors	Meeting attended/ eligible to attend
Mr. Pochin Christopher Lu	1/1
Mr. Danny J Lay	1/1
Ms. Hui Leung Ching Patricia	1/1

AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for consolidated financial statements is set out in the "Independent Auditor's Report" on page 30.

The remuneration paid or payable to the external auditor of the Company in respect of audit services amounted to approximately HK$446,000 for the year ended 30 September 2016.

Non-audit services provided to the Group during the year ended 30 September 2016 of approximately HK$4,349,000 mainly represented: the reporting accountant's work in connection with the Listing provided by BDO Limited of approximately HK$2,928,000; taxation services provided by BDO Tax Limited of approximately HK$1,114,000; and internal control reviews conducted by BDO Financial Services Limited of approximately HK$307,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that sound internal control and risk management systems will contribute to the effectiveness and efficiency of the operations of the Group and to the safeguard of the Group's assets as well as the shareholders' investment.

The Company improves its business and operational activities by identifying the areas of significant business risk by means of a regular review and taking appropriate measures to control and mitigate these risks. The management of the Company reviews all significant control policies and procedures and highlights all significant matters to the Board and Audit Committee annually.

Although the Group does not have an internal audit function, the Group is committed to maintaining and upholding good corporate governance practice and internal control systems.

The Board has reviewed the effectiveness of the risk management and internal control systems and considers the risk management and internal control systems effective and adequate.

COMPANY SECRETARY

The Company has engaged Mr. Som Wai Tong Ivan as the Company Secretary. He is a full time employee of the Group and has day-to-day knowledge of the Company's affairs.

As the Company only became listed on the Hong Kong Stock Exchange on 21 November 2016, Mr. Som Wai Tong Ivan shall comply with the relevant professional training requirements under Rule 3.29 of the Listing Rules starting from 21 November 2016.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make informed investment decisions.

To promote effective communication, the Company maintains its website at www.pantronicshk.com where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and press releases are updated on the Company's website in a timely fashion.

The 2016 annual general meeting (the "AGM") of the Company will be held on 28 March, 2017. The notice of the AGM will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

Pursuant to the Articles of Association, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at a shareholders' meeting. Proposals shall be sent to the Board or the Company Secretary by written requisition to the Company Secretary at the Company's principal place of business in Hong Kong at Flat/RM 1603A, 16/F, Tower 2, Nina Tower 8 Yeung Uk Road, Tsuen Wan Hong Kong.

Shareholders' enquiries

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary or relevant personnel by mail to the Company's principal place of business in Hong Kong at Flat/RM 1603A, 16/F, Tower 2, Nina Tower 8 Yeung Uk Road, Tsuen Wan Hong Kong

CONSTITUTIONAL DOCUMENTS

Save for the adoption of the amended and restated Memorandum and Articles of Association of the Company for the purpose of the Listing, there are no changes in the Company's constitutional documents during the period under review.

The Directors are pleased to present their annual report and consolidated audited financial statements for the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company incorporated in the British Virgin Islands with limited liability. The principal activity of the Company and its subsidiaries is the contract manufacturing on an electronic manufacturing services ("EMS") basis, of a wide range of power-related and electrical/electronic products. This business segment is the basis upon which the Group reports its primary segment information.

BUSINESS REVIEW

The business review and outlook of the Group for the year ended 30 September 2016 are set out in the section headed "Management, Discussion and Analysis" on pages 4 to 10 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2016 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 32 to 83 of this annual report.

On 14 December 2015, the Company declared an interim dividend in relation to the year ended 30 September 2016 of HK$50,000,000 (HK$250,000 per ordinary share), of which HK20,000,000 was paid on 16 December 2015 and the remaining HK$30,000,000 declared to be paid was later rescinded by the Board of Directors on 29 January 2016.

On 15 April 2016, the Company declared a second interim dividend in relation to the year ended 30 September 2016 of HK$30,000,000 (HK$150 per ordinary share) which was paid on 28 October 2016. This dividend has been recognised as a liability as at 30 September 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 March 2017 to 28 March 2017, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the Annual General Meeting ("AGM") on 28 March 2017, during which period no share transfers 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 for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 23 March 2017.

SUMMARY OF FINANCIAL INFORMATION

A financial summary of the Group for the last four financial years, as extracted from the audited financial statements and the Prospectus, is set out on page 84 in this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 35 to the consolidated financial statements.

Details of the movement in the reserves of the Company are set out in note 38 to the consolidated financial statements.

At 30 September 2016, the Company's reserves, for distribution purposes, showed a surplus of HK$36,274,000 comprising accumulated losses of HK$62,749,000 and another reserve surplus of HK$99,023,000.

The Directors of the Company may only declare a distribution by the Company if they are satisfied, on reasonable grounds that, the Company will, immediately after the distribution, satisfy the solvency test set out in section 57(1) of the BVI Business Companies Act. The Company satisfies the solvency test if the value of its assets exceeds its liabilities and it is able to pay its debts as they fall due.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Save as disclosed in note 34 to the consolidated financial statements, no related party transactions were conducted by the Group during the year ended 30 September 2016.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Henry Woon-hoe Lim
Mr. Ho Hon Ching (appointed on 15 January 2016)

Non-executive Director and Chairman

Mr. Hsu Simon Nai-cheng

Independent non-executive Directors

Mr. Pochin Christopher Lu (appointed on 27 October 2016)
Mr. Danny J Lay (appointed on 27 October 2016)
Ms. Hui Leung Ching Patricia (appointed on 27 October 2016)

In accordance with the Company's articles of association, at every annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. None of the Directors proposed for re-election at the AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, losses, damages and expenses which any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company up to a term of three years commencing from the Listing date, which may be terminated in accordance with the terms of the service contracts.

The non-executive Director has entered into a service contract with the Company up to a term of three years commencing from the Listing date, which may be terminated in accordance with the terms of the service contract.

Each of the independent non-executive Directors has signed a letter of appointment with the Company up to a term of three years commencing from the Listing date, which may be terminated in accordance with the terms of the service contract.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors of the Company and the senior management of the Group are set out on pages 11 to 13 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals in the Group are set out on pages 58 to 59 to the consolidated financial statements.

EMOLUMENT POLICY

The Company's remuneration policy is set out by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The emoluments of the Directors are set by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market activities.

RETIREMENT BENEFIT PLANS

Particulars of retirement benefit plans of the Group as at 30 September 2016 are set out in note 26 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in the related party transactions in note 34 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the period from the Listing Date up to the date of this annual report, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

On 27 October 2016, the Group and each of Mr. Hsu Simon Nai-cheng, SNHGH, and New Wave Capital Limited ("NWC") (the "Covenantors") have executed a deed of non-competition (the "Deed of Non-competition"), pursuant to which they have irrevocably and unconditionally undertaken to the Company (for itself and as a trustee for its subsidiaries), details of which are set out in the section headed "Relationship with the Controlling Shareholders — Deed of Non-competition" in the Prospectus. Each of the covenantors declared that they have complied with the Deed of Non-competition. The independent non-executive Directors have conducted such review from the period from the Listing Date up to the date of this annual report and have also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully completed.

MANAGEMENT CONTRACTS

As at 30 September 2016, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Apart from as disclosed under "Directors' Interests in the Securities of the Company", at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company of a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the "Scheme") adopted by way of written resolutions passed on 27 October 2016. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Scheme is a share incentive scheme and has been established to recognise and acknowledge the contributions eligible participants have made to the Group. The Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Scheme, unless terminated earlier by the shareholders in general meeting.

Participants of the Scheme may include: any employee (full-time or part-time), Director, consultant or adviser of our Group; any substantial shareholder of our Group; and any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, to be determined by the Board, based on their contribution or potential contribution to the development and growth of the Group.

As at the date of this report, the total number of shares available for issue under the Scheme was 30,000,000, representing 10% of the issued share capital of the Company. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and to be exercised under the Scheme and any other share options schemes of the Company, must not in aggregate exceed 10% of the Company's shares in issue as at the Listing Date. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company, must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The number of shares issued and to be issued in respect of which options granted and which may be granted to any individual in any 12-month period up to the date of the grant, shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting. Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000.00, such further grant of options is required to be approved by shareholders at a general meeting of our Company, with voting to be taken by way of poll.

Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK$1.00 to the Company as consideration for the grant. The subscription price of a share subject to options granted under the Scheme shall be a price determined by the Board and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the option;

(ii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and

(iii) the nominal value of a share on the date of grant of the option.

During the period between the Listing Date and the date of this annual report, no option has been granted, exercised, cancelled or lapsed.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or applicable laws of the British Virgin Islands where the Company is incorporated, which would oblige the Company to offer New Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this annual report, so far as is known to the Directors, the interests or short positions of the Directors of the Company and their associates in the ordinary shares of the Company (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 Hong Kong Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or 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 set out in Appendix 14 of the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(i) Long Positions in the Company's shares

Name of Director	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Mr. Hsu Simon Nai-cheng ("Mr. Hsu")	Interest of a controlled corporation *(Note 1)*	210,000,000	70%

Note:

(1) Mr. Hsu, through SNHGH and NWC, owns 70% of the Company's issued shares.

(ii) Long Position in the share(s) of associated corporations

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of share(s) held	Percentage of shareholding
Mr. Hsu	SNH Global Holdings Limited	Beneficial owner	5,001	100%
Mr. Hsu	New Wave Capital Limited	Interest of a controlled corporation *(Note 1)*	1	100%

Note:

(1) Mr. Hsu, through SNHGH, owns 100% of the share of NWC.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND SECURITIES OF THE COMPANY

As at the date of this annual report, the interests or short positions of those persons (other than the Director whose interests are disclosed above) in the ordinary shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Capacity/nature of interest	Number of ordinary shares held	Percentage interest in the Company's issued shares
New Wave Capital Limited	Beneficial owner	210,000,000	70%
SNH Global Holdings Limited	Interest of a controlled corporation *(Note 1)*	210,000,000	70%
Ms. Ng Mei Yi Diana	Interest of spouse *(Note 2)*	210,000,000	70%

Notes:

(1) SNHGH beneficially owns all the issued shares of NWC. Therefore, SNHGH is deemed, or taken to be interested in the shares held by NWC for the purpose of the SFO.

(2) Ms. Ng Mei Yi Diana is the spouse of Mr. Hsu. Accordingly, Ms. Ng Mei Yi Diana is deemed, or taken to be, interested in the shares of the Company which Mr. Hsu is interested in for the purpose of the SFO.

Save as disclosed above, as at the date of the annual report so far as is known to the Directors, 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 LISTED SECURITIES OF THE COMPANY

The Group did not purchase, sell or redeem any listed securities of the Company from the Listing Date up to the date of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, from Listing up until the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 22 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

AUDITOR

The financial statements of the Company for the year ended 30 September 2016 were audited by BDO Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 30 September 2016, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF PANTRONICS HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of Pantronics Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 32 to 83, which comprise the consolidated statement of financial position as at 30 September 2016, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Chiu Wing Cheung Ringo
Practising Certificate Number P04434

Hong Kong, 16 December 2016

Consolidated Statement of Profit or Loss

For the year ended 30 September 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	6	**289,002**	327,634
Cost of sales		**(219,853)**	(259,566)
Gross profit		**69,149**	68,068
Other income	7	**2,766**	3,748
Interest income	8	**75**	2,720
Selling and distribution expenses		**(7,763)**	(8,986)
Administrative expenses		**(22,312)**	(21,598)
Restructuring credit	9	**—**	300
Finance costs	10	**(1,265)**	(1,065)
Listing expenses		**(17,227)**	—
Profit before income tax	11	**23,423**	43,187
Income tax expense	13	**(8,759)**	(9,979)
Profit for the year		**14,664**	33,208
Profit for the year attributable to owners of the Company		**14,664**	33,208

	Notes	2016 HK cents	2015 HK cents
Earnings per share	16		
– Basic and diluted		**6.19**	14.01

Consolidated Statement of Other Comprehensive Income

For the year ended 30 September 2016

	2016 HK$'000	2015 HK$'000
Profit for the year	**14,664**	33,208
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of financial statements of foreign operations	**(2,865)**	(2,459)
Other comprehensive income for the year, net of tax	**(2,865)**	(2,459)
Total comprehensive income for the year attributable to owners of the Company	**11,799**	30,749

Consolidated Statement of Financial Position

As at 30 September 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	17	**16,502**	18,884
Prepaid land lease payments under operating leases	18	**355**	389
		16,857	19,273
Current assets			
Inventories	19	**21,488**	22,395
Trade and other receivables	20	**62,869**	69,874
Amounts due from fellow subsidiaries	21	**247**	127
Cash and bank balances	22	**74,456**	67,264
		159,060	159,660
Current liabilities			
Trade and other payables	23	**59,582**	44,153
Bank borrowings	24	**39,682**	43,891
Dividend payable		**30,000**	—
Amount due to the immediate holding company	21	**1**	—
Tax payable		**14,379**	12,314
		143,644	100,358
Net current assets		**15,416**	59,302
Total assets less current liabilities		**32,273**	78,575
Non-current liabilities			
Deferred tax liabilities	27	**1,300**	900
Net assets		**30,973**	77,675
EQUITY			
Share capital	28	**—**	1
Reserves	29	**30,973**	77,674
Total equity attributable to owners of the Company		**30,973**	77,675

The consolidated financial statements on pages 32 to 83 were approved and authorised for issue by the Board of Directors on 16 December 2016 and are signed on its behalf by:

Henry Woon-hoe Lim
Director

Hsu Simon Nai-cheng
Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2016

	Share capital HK$'000	Other reserve* HK$'000	Statutory reserve* HK$'000	Translation reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 October 2014	1	(5,640)	3,186	(2,824)	127,652	122,375
Waiver of amounts payable to a fellow subsidiary (note 21)	—	4,911	—	—	—	4,911
Waiver of amounts receivables from a fellow subsidiary (note 21)	—	(1,766)	—	—	—	(1,766)
Dividends paid (note 15)	—	—	—	—	(78,594)	(78,594)
Transactions with owners	—	3,145	—	—	(78,594)	(75,449)
Profit for the year	—	—	—	—	33,208	33,208
Other comprehensive income						
Exchange differences arising on the translation of financial statements of foreign operations	—	—	—	(2,459)	—	(2,459)
Total comprehensive income for the year	—	—	—	(2,459)	33,208	30,749
Appropriation of statutory reserve	—	—	764	—	(764)	—
At 30 September 2015 and 1 October 2015	1	(2,495)	3,950	(5,283)	81,502	77,675
Dividends paid (note 15)	—	—	—	—	(28,500)	(28,500)
Dividend approved and declared (note 15)	—	—	—	—	(30,000)	(30,000)
Repurchase of shares (note 28(ii))	(1)	—	—	—	—	(1)
Transactions with owners	(1)	—	—	—	(58,500)	(58,501)
Profit for the year	—	—	—	—	14,664	14,664
Other comprehensive income						
Exchange differences arising on the translation of financial statements of foreign operations	—	—	—	(2,865)	—	(2,865)
Total comprehensive income for the year	—	—	—	(2,865)	14,664	11,799
Appropriation of statutory reserve	—	—	808	—	(808)	—
At 30 September 2016	—	(2,495)	4,758	(8,148)	36,858	30,973

* The total of reserves as at 30 September 2016 is HK$30,973,000 (2015: HK$77,674,000).

Consolidated Statement of Cash Flows

For the year ended 30 September 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Profit before income tax		**23,423**	43,187
Adjustments for:			
Amortisation of prepaid land lease payments under operating leases		**34**	53
Depreciation of property, plant and equipment		**2,204**	1,972
Reversal of impairment loss on inventories		**(517)**	(828)
Interest expenses on bank borrowings		**1,265**	1,065
Interest income		**(75)**	(2,720)
(Reversal of impairment loss)/impairment loss on trade receivables		**(725)**	23
Restructuring credit		**—**	(300)
Operating profit before working capital changes		**25,609**	42,452
Decrease in inventories		**1,424**	14,709
Decrease/(increase) in trade and other receivables		**7,830**	(4,336)
Increase in amounts due from fellow subsidiaries		**(120)**	—
Increase/(decrease) in trade and other payables		**15,329**	(5,843)
Decrease in amount due to the immediate holding company		**—**	(13,422)
Cash generated from operations		**50,072**	33,560
Income tax paid		**(6,294)**	(4,842)
Net cash generated from operating activities		**43,778**	28,718
Cash flows from investing activities			
Purchase of property, plant and equipment		**(630)**	(2,336)
Interest received on bank deposits and balances		**75**	213
Repayment of loan from the immediate holding company		**—**	43,788
Interest received on loan to the immediate holding company		**—**	2,627
Repayment of shareholder loan		**—**	31,000
Interest received on shareholder loan		**—**	1,002
Net cash (used in)/generated from investing activities		**(555)**	76,294

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from financing activities			
Net cash outflow in trust receipts and export loans		**(3,037)**	(5,377)
Proceeds from invoice discounting facility		**386,503**	316,834
Repayments of invoice discounting facility		**(387,675)**	(308,005)
Interest paid on bank borrowings		**(1,265)**	(1,065)
Dividends paid		**(28,500)**	(78,594)
Net cash used in financing activities		**(33,974)**	(76,207)
Net increase in cash and cash equivalents	30	**9,249**	28,805
Effect of foreign exchange rate changes		**(2,057)**	(1,936)
Cash and cash equivalents at beginning of the year		**67,264**	40,395
Cash and cash equivalents at end of the year		**74,456**	67,264
Analysis of the balance of cash and cash equivalents			
Cash and bank balances	22	**74,456**	67,264

1. GENERAL INFORMATION

Pantronics Holdings Limited (the "Company") was incorporated in the British Virgin Islands (the "BVI") as a limited liability company on 27 December 1990 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange of Hong Kong") on 21 November 2016. The address of the Company's registered office is Newhaven Corporate Services (BVI) Limited, 3rd Floor, J&C Building, P.O. Box 362, Road Town, Tortola, the BVI and its principal place of business is Flat/RM 1603A, 16/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, referred to as the "Group") are principally engaged in the contract manufacturing, on electronic manufacturing services ("EMS") basis, of a wide range of power-related and electrical/electronic products. This business segment is the basis upon which the Group reports its primary segment information. The principal activities of its subsidiaries are set out in note 37 to the financial statements.

The immediate holding company of the Company is New Wave Capital Limited ("NWC"), a company incorporated in the BVI with limited liability. The directors of the Company consider the ultimate holding company to be SNH Global Holdings Limited ("SNHGH"), a company incorporated in the BVI with limited liability. The ultimate controlling party is Mr. Hsu Simon Nai-cheng.

The consolidated financial statements on pages 32 to 83 have been prepared in accordance with Hong Kong Financial Reporting standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules").

The consolidated financial statements are presented in thousands of Hong Kong Dollars ("HK$'000"), unless otherwise stated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or amended HKFRSs – effective from 1 October 2015

There are no new, revised or amendments to HKFRSs issued by the HKICPA and applied by the Group for the first time during the year ended 30 September 2016.

2. ADOPTION OF NEW OR AMENDED HKFRSs – *continued*

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended 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 in the preparation of the financial statements.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[3]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019

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.

Amendments to HKAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2. ADOPTION OF NEW OR AMENDED HKFRSs – *continued*

(b) New or amended HKFRSs that have been issued but are not yet effective – *continued*

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 flow (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 or 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 15 - Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 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 or services. Specially, HKFRS 15 introduces 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. ADOPTION OF NEW OR AMENDED HKFRSs – *continued*

(b) New or amended HKFRSs that have been issued but are not yet effective – *continued*

Amendments to HKFRS 15 - Revenue from Contracts with Customers - continued

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added to HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases - Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Directors so far concluded that the application of these new pronouncements is unlikely to have a significant impact on the Group's results and financial position upon application.

2. ADOPTION OF NEW OR AMENDED HKFRSs – *continued*

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

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

The disclosure requirements set out in the Listing Rules regarding annual financial statements have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 30 September 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 30 September 2015 are presented or disclosed in the consolidated financial statements based on the new requirements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all of the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation – *continued*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of a non-controlling interest is the amount of that interest at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Subsidiaries

A subsidiary is an investee over which the Group is able to exercise control. The Group controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

(a) Sales of goods are recognised when goods are delivered and title has been passed. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

(b) Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

(c) Dividend income is recognised when the right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment net of expected residual value over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	Over the remaining unexpired lease term or 50 years, whichever is the shorter
Furniture, fixtures and equipment	10%-25%
Motor vehicles	20%-25%
Plant and machinery	10%-33 1/3%

The estimated useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

For owner-occupied leasehold land and buildings, where the allocation between the land and building elements cannot be made reliably, the leasehold interests in land are accounted for as property, plant and equipment and measured using the cost model, as appropriate.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets

The Group classified its financial assets at initial recognition, depending on the purpose for which the asset was acquired. The Group assesses, at the end of each reporting period, whether there is any objective evidence that the financial asset is impaired. A financial asset is classed as impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include, but not be limited to: significant financial difficulty of the debtor; a breach of contract, such as a default or delinquency in interest or principal payments; the granting of a concession to a debtor due to financial difficulties; and it becoming probable that the debtor will enter bankruptcy or any other financial reorganisation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each reporting date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries and fellow subsidiaries and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss for receivables is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account. When any part of the financial asset is determined as un-collectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a Group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowings costs.

Other financial liabilities

Other financial liabilities including trade and other payables, dividend payable and amounts due to the immediate holding company and a subsidiary are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessment of time value of money and the risk specific to the asset. An impairment loss is recognised as an expense immediately.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation

Taxation represents the sum of the tax paid or currently payable and deferred tax. The tax currently paid and payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies – *continued*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars ("HK$")) at the rate of exchange prevailing at that date, and their income and expenses are translated at the average monthly exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of other comprehensive income (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Prepaid land lease payments under operating leases

Leasehold interests in land are up-front payments to acquire the land use rights. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the up-front payments over the lease terms.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Retirement benefits costs

Payments to the defined contribution retirement plans are charged as expenses when employees have rendered service entitling them to contributions.

The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme"), for employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Retirement benefits costs – *continued*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Related parties

For the purposes of these financial statements:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Inventories

Inventories are measured at the lower of cost and net realisable value. The management of the Group reviews the carrying amount of the inventory at the end of each reporting period, and makes allowance for any inventory items identified to be carried at a recoverable value that is lower than cost through estimation of the expected selling prices under current market conditions.

Impairment of receivables

The policy for the impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Estimates of current tax and deferred tax

The Group is required to recognise a provision for income taxes based upon the taxable income and temporary differences for each of the tax jurisdictions in which it operates and for all discrete reportable income streams within those jurisdictions. Significant judgement is required in determining the amount of the taxation provision and the timing of the payment thereon. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

The Group has determined its operating segments and prepared segmental information based on regular internal financial information reported to the chief operating decision-makers, i.e. the executive Directors of the Company, who are responsible for making strategic decisions. Since management regards the Group's business as a single operating segment, no further operating segment analysis thereof is presented. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports. Management assesses the performance of this single segment based on a measure of revenue and operating result before income tax.

A measure of total assets for this single segment is the total assets on the consolidated statement of financial position. A measure of total liabilities for this single segment is the total liabilities on the consolidated statement of financial position.

Geographical information

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

	2016 **HK$'000**	2015 HK$'000
The People's Republic of China (the "PRC")		
– Mainland China	**24,138**	31,384
– Hong Kong (place of domicile)	**2,992**	4,514
USA	**156,902**	185,719
UK	**30,690**	29,736
Rest of Europe	**29,229**	33,987
Japan	**26,506**	26,185
Others	**18,545**	16,109
	289,002	327,634

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

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

5. SEGMENT INFORMATION – *continued*

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for the year, is set out below:

	2016	2015
	HK$'000	HK$'000
Customer A	**92,590**	123,714
Customer B	**47,253**	53,038

The following is an analysis of the carrying amount of non-current assets analysed by the geographical areas in which the assets are located:

	2016	2015
	HK$'000	HK$'000
Hong Kong	**1,191**	1,346
Mainland China	**15,660**	17,918
Others	**6**	9
	16,857	19,273

6. REVENUE

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

7. OTHER INCOME

	2016	2015
	HK$'000	HK$'000
Sundry income	**2,766**	3,748

8. INTEREST INCOME

	2016	2015
	HK$'000	HK$'000
Interest earned on bank deposits and balances	**75**	213
Interest earned on loan to the immediate holding company	**—**	1,970
Interest earned on shareholder loan	**—**	537
	75	2,720

9. RESTRUCTURING CREDIT

	2016	2015
	HK$'000	HK$'000
Restructuring credit (note 25)	**—**	300

The restructuring credit related to the reversal of retrenchment and relocation costs of certain sourcing operations in Mainland China which, in the opinion of the Company's Directors, were no longer required and were reversed in the year ended 30 September 2015.

10. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on bank borrowings	**1,265**	1,065

11. PROFIT BEFORE INCOME TAX

	2016	2015
	HK$'000	HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments under operating leases	**34**	53
Auditors' remuneration	**446**	412
Cost of inventories recognised as expenses	**219,853**	259,566
Depreciation of property, plant and equipment	**2,204**	1,972
Exchange gains, net	**(940)**	(527)
Reversal of impairment loss on inventories	**(517)**	(828)
Minimum lease payments in respect of rented premises	**4,367**	3,785
(Reversal of impairment loss)/impairment loss on trade receivables	**(725)**	23
Employee benefit expenses (note 12)	**63,275**	66,112

12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2016	2015
	HK$'000	HK$'000
Staff salaries, allowances and welfare	**25,261**	25,691
Provident fund contributions (note 26)	**4,670**	3,859
Mandatory provident fund obligations (note 26)	**392**	395
Direct labour costs	**32,952**	36,167
	63,275	66,112

13. INCOME TAX EXPENSE

Income tax expense for the year comprises:

	2016	2015
	HK$'000	HK$'000
Current income tax – Hong Kong:		
Provision for the year	**3,521**	3,902
Current income tax – Overseas:		
Provision for the year:		
Mainland China	**4,825**	5,142
USA	**13**	35
	4,838	5,177
Deferred tax (note 27)	**400**	900
Income tax expense	**8,759**	9,979

Notes:

(a) Hong Kong profits tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year.

A subsidiary of the Group received an enquiry for information from the Hong Kong Inland Revenue Department ("IRD") in April 2015 due to a tax audit by IRD on that subsidiary's profits tax affairs and received assessments for Hong Kong profits tax for prior years in March 2015 and February 2016. The Group has subsequently objected to the assessment made. The Directors believe that the tax audit/enquiry is at its early stages and it is not practical, at this stage, to estimate the potential financial impact that this may have on the Group, if any.

Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

13. INCOME TAX EXPENSE – *continued*

Notes: – *continued*

(b) The reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2016 HK$'000	2015 HK$'000
Profit before income tax	**23,423**	43,187
Tax thereon at domestic rates applicable to profits or losses in the jurisdictions concerned	**5,501**	8,687
Tax effect of non-deductible expenses	**3,061**	11
Tax effect of non-taxable income	**(209)**	(167)
Utilisation of tax losses not previously recognised	**—**	(2)
Withholding tax on dividends	**—**	547
Tax effect of temporary differences arising from withholding tax on undistributed profits	**400**	900
Others	**6**	3
Income tax expense	**8,759**	9,979

(c) The PRC corporate income tax is computed according to relevant laws and regulations in Mainland China. The income tax rate is 25% (2015: 25%) for the year.

During the year ended 30 September 2015, dividends attributable to post 1 January 2008 earnings were remitted to Pantene Industrial Co. Limited ("Pantene Industrial") from its wholly owned PRC-based subsidiary, Shenzhen Pantai Electronic Co., Ltd. ("Shenzhen Pantai"). The transaction gave rise to withholding tax of HK$547,000, based on 5% of the earnings remitted.

(d) The Company has decided that, as it is probable that Shenzhen Pantai will continue to distribute earnings in the foreseeable future, a deferred tax provision of HK$1,300,000 (2015: HK$900,000) has been established in relation to withholding tax based on 5% of post 1 January 2008 unremitted earnings.

14. DIRECTORS' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of the Directors for the year are set out below:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Year ended 30 September 2016					
Executive Directors					
Mr. Simon N Hsu	—	—	—	—	—
Mr. Henry W Lim	—	—	—	—	—
Mr. Ho Hon Ching (appointed on 15 January 2016)	—	903	319	13	1,235
Total	—	903	319	13	1,235

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Year ended 30 September 2015					
Executive Directors					
Mr. Simon N Hsu (appointed on 16 January 2015)	—	—	—	—	—
Mr. Henry W Lim	—	—	—	—	—
Mr. Patrick John Dyson (resigned on 16 January 2015)	—	—	—	—	—
Total	—	—	—	—	—

During the year, none of the Directors waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

14. DIRECTORS' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS – *continued*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2015: nil) became a Director of the Company on 15 January 2016. The table below includes his emoluments up to the date of his appointment as a director and emoluments relating to the post-appointment period are included in note 14(a) above.

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and other benefits	**5,088**	6,088
Retirement benefit scheme contribution	**77**	90
	5,165	6,178

Their emoluments were within the following bands:

	2016 **Number of individuals**	2015 Number of individuals
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**1**	1

During the year, none of the five highest paid individuals waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2015: Nil).

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2016 **Number of individuals**	2015 Number of individuals
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**—**	1

15. DIVIDENDS

A first and final dividend of HK$20,000,000 (HK$100,000 per ordinary share) relating to the year ended 30 September 2014 was paid on 15 December 2014.

A first interim dividend in relation to the year ended 30 September 2015 of HK$15,602,000 (HK$78,010 per ordinary share) was paid on 18 June 2015.

A second interim dividend in relation to the year ended 30 September 2015 of HK$6,000,000 (HK$30,000 per ordinary share) was paid on 11 August 2015.

A third interim dividend in relation to the year ended 30 September 2015 of HK$32,992,000 (HK$164,968 per ordinary share) was paid in two tranches, one of HK$20,000,000 on 23 September 2015 and the remaining HK$12,992,000 on 29 September 2015.

A fourth interim dividend in relation to the year ended 30 September 2015 of HK$4,000,000 (HK$20,000 per ordinary share) was paid on 30 September 2015.

A final dividend of HK$8,500,000 (HK$42,500 per ordinary share) in relation to the year ended 30 September 2015 was declared. The dividend has been distributed to the Company's immediate parent undertaking, New Wave Capital Limited, as follows: HK$1,500,000 on 6 October 2015; HK$4,000,000 on 12 October 2015; and the balance of HK$3,000,000 on 4 December 2015.

On 14 December 2015, the Company declared an interim dividend in relation to the year ended 30 September 2016 of HK$50,000,000 (HK$250,000 per ordinary share), of which HK$20,000,000 was paid on 16 December 2015, the remaining HK$30,000,000 declared to be paid was later rescinded by the Board of Directors on 29 January 2016.

On 15 April 2016, the Company declared a second interim dividend in relation to the year ended 30 September 2016 of HK$30,000,000 (HK$150 per ordinary share) which was paid on 28 October 2016. This dividend has been recognised as a liability at 30 September 2016.

The Board does not recommend the payment of a final dividend for the year ended 30 September 2016.

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the relevant years.

	2016	2015
	HK$'000	HK$'000
Profit attributable to owners of the Company	14,664	33,208
Weighted average number of ordinary shares for the purpose of basic earnings per share (note (i))	237,000,000	237,000,000
	HK cents	HK cents
Basic earnings per share	6.19	14.01

Note:

(i) The weighted average of 237,000,000 ordinary shares used in the calculation of basic earnings per share for the year ended 30 September 2015 comprising: (i) 200 ordinary shares of the Company in issue as at 30 September 2015; (ii) 200,000 ordinary shares of the Company to be issued and allotted to the immediate holding company, NWC, at par value of HK$0.001 each and the 200 ordinary shares at par value of US$1 each in the Company originally held by NWC to be repurchased by the Company and cancelled, pursuant to the shareholder's resolution dated 15 January 2016 (note 28(ii)); and (iii) 236,800,000 ordinary shares to be issued and allotted to NWC for cash at par value of HK$0.001 each pursuant to the shareholder's resolution dated 17 November 2016 (note 28) as if these issues had occurred at 1 October 2014, the beginning of the earliest period reported.

The weighted average of 237,000,000 ordinary shares used in the calculation of basic earnings per share for the year ended 30 September 2016 comprising: (i) 200,000 ordinary shares of the Company in issue as at 30 September 2016; and (ii) 236,800,000 ordinary shares to be issued and allotted to NWC for cash at par value of HK$0.001 each pursuant to the shareholder's resolution dated 17 November 2016 (note 28) as if the issue had occurred at 1 October 2015, the beginning of the reporting period.

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 30 September 2016 and 2015, and hence the diluted earnings per share is the same as basic earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost					
At 1 October 2014	21,818	52,760	3,815	80,482	158,875
Additions	—	913	403	1,020	2,336
Disposals	—	(29)	—	(656)	(685)
Currency realignment	(994)	(3,809)	(63)	1,523	(3,343)
At 30 September 2015 and 1 October 2015	20,824	49,835	4,155	82,369	157,183
Additions	—	184	—	446	630
Currency realignment	(1,471)	(829)	(113)	(3,645)	(6,058)
At 30 September 2016	**19,353**	**49,190**	**4,042**	**79,170**	**151,755**
Accumulated depreciation					
At 1 October 2014	9,314	50,007	3,404	77,166	139,891
Provided for the year	414	397	161	1,000	1,972
Disposals	—	(29)	—	(656)	(685)
Currency realignment	(574)	(648)	(53)	(1,604)	(2,879)
At 30 September 2015 and 1 October 2015	9,154	49,727	3,512	75,906	138,299
Provided for in the year	545	92	218	1,349	2,204
Currency realignment	(867)	(874)	(86)	(3,423)	(5,250)
At 30 September 2016	**8,832**	**48,945**	**3,644**	**73,832**	**135,253**
Carrying values					
At 30 September 2016	**10,521**	**245**	**398**	**5,338**	**16,502**
At 30 September 2015	11,670	108	643	6,463	18,884

18. PREPAID LAND LEASE PAYMENTS UNDER OPERATING LEASES

The Group's interest in leasehold land and land use rights represents prepaid operating lease payments. The movements in their net carrying values are as follows:

	2016	2015
	HK$'000	HK$'000
At 1 October	**389**	442
Amortisation	**(34)**	(53)
At 30 September	**355**	389

19. INVENTORIES

	2016	2015
	HK$'000	HK$'000
Raw materials	**11,702**	11,305
Work-in-progress	**2,961**	3,197
Finished goods	**6,825**	7,893
	21,488	22,395

At 30 September 2016, the carrying amount of inventories carried at the lower of cost and net realisable value amounted to HK$21,488,000 (2015: HK$22,395,000). Reversal of impairment losses, arising on the sale of inventories previously provided for, of HK$517,000 has been credited to the consolidated statement of profit or loss for the year (2015: HK$828,000).

20. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Trade receivables	**52,882**	66,607
Less: impairment provisions	**—**	(817)
Trade receivables - net	**52,882**	65,790
Prepayments and other receivables	**9,987**	4,084
	62,869	69,874

20. TRADE AND OTHER RECEIVABLES – *continued*

The Group operates an asset-backed lending facility based on certain of its trade receivables. The discounting transactions do not meet the requirements in HKAS 39 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted trade receivables. At 30 September 2016, trade receivables of HK$56,034,000 (2015: HK$70,735,000) continue to be recognised in the consolidated statement of financial position even though they have been legally transferred to the financial institutions. The proceeds of the discounting transactions are included in borrowings as asset-backed financing until the trade receivables are collected or the Group settles any losses suffered by the financial institutions. At 30 September 2016, the asset-backed lending liabilities amounted to HK$32,889,000 (2015: HK$34,061,000) (note 24).

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

	2016 HK$'000	2015 HK$'000
0 - 60 days	**37,749**	44,385
61 - 90 days	**9,011**	9,865
91 - 120 days	**5,293**	7,297
More than 120 days	**829**	5,060
	52,882	66,607

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 (2015: 30 to 120 days) to its trade customers depending on their credit status and geographical location during the year. The Directors of the Company 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:

	2016 HK$'000	2015 HK$'000
At 1 October	**817**	1,035
(Impairment losses reversed)/impairment losses	**(725)**	23
Uncollectible amounts written off	**(92)**	(241)
At 30 September	**—**	817

20. TRADE AND OTHER RECEIVABLES – *continued*

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

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

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	51,779	31,935
0 - 60 days past due	1,085	22,585
61 - 90 days past due	16	7,272
91 - 120 days past due	2	3,998
	1,103	33,855
	52,882	65,790

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

21. AMOUNT(S) DUE FROM/(TO) FELLOW SUBSIDIARIES/THE IMMEDIATE HOLDING COMPANY

The amount(s) due is/are unsecured, interest free and repayable on demand.

During the year ended 30 September 2015, amounts payable to a fellow subsidiary of HK$4,911,000, which represented HK$3,613,000 from the closing down of a procurement centre and proceeds received on behalf of that fellow subsidiary of HK$1,298,000 on reselling certain machinery in a prior year, were waived and credited to other reserve in the consolidated statement of changes in equity (note 29).

During the year ended 30 September 2015, amounts receivable from a fellow subsidiary of HK$1,766,000 which was in relation to the acquisition of certain companies by a fellow subsidiary in a prior year, were waived and charged to other reserve in the consolidated statement of changes in equity (note 29).

21. AMOUNT(S) DUE FROM/(TO) FELLOW SUBSIDIARIES/THE IMMEDIATE HOLDING COMPANY – *continued*

Particulars of the amounts due from fellow subsidiaries are disclosed as follows:

	Balance as at 30 September		Balance as at 1 October	**Maximum balance outstanding during the year**	
Name of borrowers	**2016**	2015	2014	**2016**	2015
	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from fellow subsidiaries					
Pantene Global Holdings Limited	**—**	—	1,766	**—**	1,766
Bowers Eclipse Equipment Shanghai Co. Ltd.	**74**	74	25	**74**	74
Eclipse Tools Manufacturing Company Limited	**53**	53	53	**53**	53
Eclipse Magnetics Limited	**120**	—	—	**120**	—
	247	127	1,844	**247**	1,893

Mr. Simon N Hsu, a director of the Company, has a beneficial interest in the above fellow subsidiaries and the immediate holding company.

22. CASH AND BANK BALANCES

	2016	2015
	HK$'000	HK$'000
Cash at banks and in hand	**74,456**	67,264

Cash and cash equivalents include short-term bank deposits carrying interest at prevailing market rates. The directors consider that the carrying value of the deposits at the reporting date approximate to their fair value.

Included in bank and cash balances of the Group at the reporting date are bank balances denominated in Renminbi ("RMB") of HK$4,855,000 (2015: HK$27,389,000) placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

23. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables (note (i))	**31,470**	27,579
Other payables and accruals (note (ii))	**28,112**	16,574
	59,582	44,153

Notes:

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

	2016 HK$'000	2015 HK$'000
0 - 60 days	**22,899**	20,065
61- 90 days	**5,438**	5,508
Greater than 90 days	**3,133**	2,006
	31,470	27,579

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

(ii) Included in other payables as at 30 September 2016 are receipts in advance of HK$1,214,000 (2015: nil) from the immediate holding company, New Wave Capital Limited, in relation to its share of listing expenses incurred.

24. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank borrowings (all secured) comprise:		
Export invoices/loan financing	**6,793**	9,830
Asset-backed lending	**32,889**	34,061
Total overdrafts and bank borrowings	**39,682**	43,891
Bank borrowings are repayable as follows:		
Within one year or on demand	**39,682**	43,891

The asset-backed lending represents the amount of financing obtained in factoring transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in trade receivables (note 20).

24. BANK BORROWINGS – *continued*

The bank borrowings which are denominated in HK$ and US Dollars ("US$"), carry variable interest rates linked to the relevant prime rates and fixed interest rates applicable to the country in which the facility has been taken out.

The effective interest rates on the Group's floating rate borrowings range from 3% to 4% per annum (2015: 4.0% to 4.5% per annum).

The fair values of the Group's bank borrowings, determined as the present value of the estimated future cash flows, discounted using the prevailing market rate at the reporting date, approximate to their carrying values.

Refer to note 31 for details of pledged assets.

As at 30 September 2016 and 2015, all of the Group's banking facilities were subject to the fulfilment of covenant clauses. During the year ended 30 September 2015, one of the Group's subsidiaries failed to maintain its adjusted consolidated tangible net worth of not less than US$10 million as required under the financial covenant in relation to the asset-backed lending facility provided by the bank. On discovery of the breach, at the time of the annual review of banking facilities, the directors of the Company informed the bank. Though the subsidiary breached this financial covenant clause, the bank did not request early repayment of the loan or take any other action. On 17 October 2016, the negotiation process was completed and the lending bank granted the subsidiary a waiver of compliance with this financial covenant as at 30 September 2015 and also removed such covenant from the banking facility after 30 September 2015.

25. PROVISIONS

	Manufacturing reorganisation HK$'000
At 1 October 2014	300
Reversal of provision for the year (note 9)	(300)
Carrying amount at 30 September 2015 and 2016 included in current liabilities	—

Following the completion of the closure of the sourcing operations in Mainland China, the manufacturing reorganisation provision of HK$300,000 which related to the estimated costs for certain retrenchment expenses and the relocation of certain sourcing operations in Mainland China, was released and credited to the consolidated statement of profit or loss during the year ended 30 September 2015.

26. DEFINED CONTRIBUTION PENSION PLANS

Hong Kong

The Group joined a Mandatory Provident Fund Scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme. During the year, the retirement benefit scheme contributions charged to the consolidated statement of profit or loss amounted to HK$392,000 (2015: HK$395,000) (note 12), representing contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

Mainland China

The employees of the Group's subsidiaries in Mainland China are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute 8% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. The total contribution made for the year was HK$4,670,000 (2015: HK$3,859,000) (note 12). No forfeited contributions may be used by the employer to reduce the existing level of contributions.

27. DEFERRED TAX

The following is the deferred tax liability recognised and the movement thereon in the current and prior years.

	In respect of withholding tax on un-distributed profits
	HK$'000
At 1 October 2014	—
Charge to the consolidated statement of profit or loss (note 13)	900
Carrying amount at 30 September 2015	900
Charge to the consolidated statement of profit or loss (note 13)	400
Carrying amount at 30 September 2016	**1,300**

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

During the year ended 30 September 2015, dividends were remitted from Shenzhen Pantai Electronic Co., Ltd, a wholly owned subsidiary of Pantene Industrial. As a result, in addition to withholding taxes payable of HK$547,000, a deferred tax provision representing 5% of unremitted earnings was established during the year. During the year ended 30 September 2016, an additional provision of HK$400,000 was established representing 5% of unremitted earnings accrued in the year ended 30 September 2016 (2015: HK$900,000).

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 and other temporary differences available for offset against future profits, analysed as follows:

	2016	2015
	HK$'000	HK$'000
Unused tax losses	**77,802**	77,802
Other temporary differences	**3,855**	4,300
	81,657	82,102

27. DEFERRED TAX – *continued*

The Group records deferred tax assets in respect of tax losses and other tax credits only where there is a reasonable expectation that these tax losses and credits 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 proportion of these unrecognised tax losses and other tax credits or the material reversal of the other deferred tax temporary differences in the foreseeable future. The tax losses and other tax credits arising from subsidiaries incorporated in Hong Kong will not expire under current tax legislation and can be carried forward indefinitely.

28. SHARE CAPITAL

	Number of ordinary shares of US$1 each	Amount	Number of ordinary shares of HK$0.001 each	Amount	Amount
		US$		HK$	HK$
Authorised:					
At 1 October 2014 and 30 September 2015	50,000	50,000	—	—	
Increase in authorised share capital (note (i))	—	—	50,000,000	50,000	
Reduction of authorised share capital (note (iii))	(50,000)	(50,000)	—	—	
Increase in authorised share capital (note (iv))	—	—	450,000,000	450,000	
At 30 September 2016	**—**	**—**	**500,000,000**	**500,000**	
Issued and fully paid:					
At 1 October 2014 and 30 September 2015	200	200	—	—	1,560
Repurchase of shares (note (ii))	(200)	(200)	—	—	(1,560)
Issue of shares on 15 January 2016 (note (ii))	—	—	200,000	200	200
At 30 September 2016	**—**	**—**	**200,000**	**200**	**200**

Notes:

(i) Pursuant to the shareholder's resolution dated 15 January 2016, the Company's authorised share capital was increased from 50,000 ordinary shares at par value of US$1 each to 50,000 ordinary shares at par value of US$1 each and 50,000,000 ordinary shares at par value of HK$0.001 each.

(ii) On 15 January 2016, 200,000 ordinary shares were issued and allotted to the immediate holding company, NWC, at par value of HK$0.001 each and the 200 ordinary shares at par value of US$1 each in the Company originally held by NWC were repurchased by the Company and cancelled (the "Repurchase of Shares").

28. SHARE CAPITAL – *continued*

Notes: – *continued*

(iii) Upon the Repurchase of Shares, the Company reduced its authorised but unissued shares by the cancellation of 50,000 ordinary shares at par value of US$1 each.

(iv) Pursuant to the shareholder's resolution dated 29 March 2016, the Company's maximum authorised share capital was increased from 50,000,000 ordinary shares at par value of HK$0.001 each to 500,000,000 ordinary shares at par value of HK$0.001 each.

(v) All the shares issued during the reporting period ranked pari passu in all respects with the then existing shares in issue.

Subsequent to the reporting date, pursuant to the shareholder's resolution dated 17 November 2016, 236,800,000 ordinary shares were issued and allotted to the immediate holding company, NWC, for cash at par value of HK$0.001 each, thus bringing the total of shares issued to NWC to 237,000,000 ordinary shares of HK$0.001 each.

On 21 November 2016, pursuant to the shareholder's resolution dated 17 November 2016, 63,000,000 ordinary shares ("New Shares") of par value HK$0.001 each, were issued at a price of HK$1.50 per share and allotted by way of public offer and placing on the Stock Exchange of Hong Kong. In addition to the 63,000,000 New Shares above, NWC placed an additional 27,000,000 ordinary shares ("Sale Shares") of par value HK$0.001 each at a price of HK$1.50 per share. In summary, 90,000,000 ordinary shares, comprising 63,000,000 New Shares and 27,000,000 Sale Shares, representing 30% of the Company's issued and fully paid share capital were offered by way of public offer (27,000,000 New Shares) and placing (63,000,000 shares comprising 36,000,000 New Shares and 27,000,000 Sale Shares) on the Stock Exchange of Hong Kong. Dealings in the New Shares and Sale Shares on the Stock Exchange of Hong Kong commenced on 21 November 2016.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on page 35 of the financial statements.

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiaries are required to appropriate 10% of its profit after tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or to increase capital.

Translation reserve

The translation reserve comprises the exchange differences arising on the translation of the financial statements of foreign operations.

Other reserve

The other reserve represents the waiver of: (i) amount due from the former ultimate holding company amounting to HK$5,640,000 during the year ended 30 September 2013; (ii) amounts payable to a fellow subsidiary amounting to HK$4,911,000 during the year ended 30 September 2015 (note 21); and (iii) amounts receivable from a fellow subsidiary amounting to HK$1,766,000 during the year ended 30 September 2015 (note 21).

30. RECONCILIATION OF THE INCREASE IN CASH AND CASH EQUIVALENTS TO THE MOVEMENT IN NET CASH

	Notes	2016 HK$'000	2015 HK$'000
Net increase in cash and cash equivalents		**9,249**	28,805
Effect of foreign exchange rates		**(2,057)**	(1,936)
Net movement in cash and cash equivalents		**7,192**	26,869
New bank borrowings raised		**4,209**	(3,452)
Net cash/(borrowings) at 1 October		**23,373**	(44)
Net cash at 30 September		**34,774**	23,373
Represented by:			
Cash and cash equivalents	22	**74,456**	67,264
Interest-bearing bank borrowings - amounts due within one year	24	**(39,682)**	(43,891)
		34,774	23,373

31. PLEDGE OF ASSETS

At 30 September 2016, the banking facilities of the Company's wholly owned subsidiaries based in Hong Kong and China, amounted to approximately HK$108,567,000, comprising overdraft, confidential invoicing and import loans. The facilities are secured against certain keyman insurance and debentures over all of the assets of Pantene Industrial. At 30 September 2016, the amount drawn down under the confidential invoice facility was HK$32,889,000 and the import loan facility was HK$6,793,000.

At 30 September 2015, the banking facilities of the Company's wholly owned subsidiaries based in Hong Kong and China, amounted to approximately HK$109,810,000, comprising overdraft, confidential invoicing and import loans. The facilities are secured against certain keyman insurance, debentures over all of the assets of Pantene Industrial and guarantees from the Company, NWC and SNHGH. At 30 September 2015, the amount drawn down under the confidential invoice facility was HK$34,061,000 and the import loan facility was HK$9,830,000. The corporate guarantees in respect of import loans and confidential invoicing were released subsequently on 11 November 2015 and 17 December 2015, respectively.

32. CONTINGENT LIABILITIES

The Company and Pantene Industrial provided cross-guarantees on a £2.0 million (approximately HK$25.2 million) term loan borrowed from a bank by a fellow United Kingdom-registered subsidiary in May 2014. Pursuant to the terms of the loan facility, the fellow subsidiary pledged its own freehold properties with a net book value of approximately £3.0 million (approximately HK$37.8 million) which, in the opinion of the directors, approximated to their fair values and the guarantees were sufficiently covered by the existing security in the fellow subsidiary. Accordingly, the directors of the Company considered that the fair value of the guarantees on the loan provided by the Company and Pantene Industrial to be minimal.

At 30 September 2015, the aforementioned cross-guarantees, which were in place during the year ended 30 September 2014, whereby the Company and Pantene Industrial were guarantors to a term loan taken out by a fellow subsidiary based in the United Kingdom, Spear & Jackson Group Limited, were removed. The directors of the Company considered that the outstanding loan borrowed by the fellow subsidiary was fully covered by its own financial resources and the probability of any loss in the event of default of repayment was minimal.

In addition, as a consequence of the additional bank leverage in the fellow subsidiary in the UK and the detriment this had on a UK defined benefit pension plan, on 30 May 2014, Pantene Industrial entered into a guarantee with the UK pension plan. The guarantee of approximately HK$34.0 million, reduces on a HK$ for HK$ basis in line with the UK borrowings (as adjusted by the additional debt assumed at 30 May 2014) and each annual anniversary thereon. The guarantee will be removed when those adjusted UK bank borrowings have been reduced by HK$34.0 million. While the guarantee remains in place, Pantene Industrial provided a negative pledge whereby it will not do or cause anything to be done which materially impairs its ability to undertake its obligations under the guarantee.

On 30 April 2015, the guarantee conditions were fully satisfied and as a consequence, on that date, the guarantee of approximately HK$34.0 million and the negative pledge were removed.

33. OPERATING LEASE COMMITMENTS

The Group 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:

	2016	2015
	HK$'000	HK$'000
Operating leases which expire:		
Within one year	**4,960**	3,718
In the second to fifth years inclusive	**1,279**	912
	6,239	4,630

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 3 months to 2 years (2015: 2 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.

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed in the financial statements, the Group entered into the following significant transactions with related parties during the year.

During the year ended 30 September 2015, the loan of HK$31,000,000 advanced by Pantene Industrial to the sole shareholder of SNHGH, Mr. Simon N Hsu, in the year ended 30 September 2014, was repaid. The total repayment of HK$32,002,000 comprised loan capital of HK$31,000,000, accrued interest as at 30 September 2014 of HK$465,000 and interest credited to the consolidated statement of profit or loss in the year to 30 September 2015 of HK$537,000. As at 30 September 2015, the balance outstanding was HK$nil.

During the year ended 30 September 2015, the loan advanced by Pantene Industrial to NWC, the immediate holding company, was repaid. The repayment of HK$46,415,000 included loan capital of HK$43,788,000, accrued interest at 30 September 2014 of HK$657,000 and interest credited to the consolidated statement of profit or loss in the year to 30 September 2015 of HK$1,970,000. As at 30 September 2015, the balance outstanding was HK$nil.

On 15 January 2016, 200,000 ordinary shares were issued and allotted to the immediate holding company, NWC, at par value of HK$0.001 each and the 200 ordinary shares at par value of US$1 each in the Company originally held by NWC were repurchased by the Company and cancelled. As at 30 September 2016, the amount payable to NWC of HK$1,360 is reflected as an amount due to the immediate holding company in the consolidated statement of financial position.

Except as disclosed in note (a) above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

(b) Compensation of key management personnel

The key management personnel are the directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in note 14.

35. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group is exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, fair value risk, credit risk and liquidity risk. The Group's overall risk management focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the Company's directors. The Group does not have written risk management policies. However, the Company's directors meet regularly and co-operate closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks.

Foreign currency risk

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal operating subsidiaries carry out their operations in the PRC, including Hong Kong. Entities in the Group regularly transact in currencies other than their respective functional currencies with regard to the selling and purchase of products. As a consequence of the various trading activities, certain trade receivables and borrowings of the Group are denominated in foreign currencies. While the Group has no formal hedging policy, it does seek to manage its foreign currency exposures by constructing natural hedges as well as entering into certain forward foreign exchange contracts to minimise any currency exposure risks.

The Group's foreign currency risk is mainly concentrated on the fluctuation of the US$ against the RMB.

	2016 **HK$'000**	2015 HK$'000
Trade receivables	**51,755**	66,607
Cash and cash equivalents	**62,272**	8,337
Trade payables	**(7,449)**	(4,653)
Borrowings	**(32,889)**	(34,343)
Gross exposure arising from recognised financial assets and liabilities	**73,689**	35,948

Assuming sensitivity to a 5% increase where the RMB strengthens against the US$ there would be an increase in profit of approximately HK$3.6 million for the year (2015: HK$2.0 million). For a 5% weakening of the currency there would be an equal and opposite impact on profit or loss. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rates.

35. FINANCIAL RISK MANAGEMENT AND POLICIES – *continued*

Interest rate risk

The Group's exposure to interest rate risk relates principally to its interest-bearing bank borrowings and interest-bearing inter-company loans. The interest-bearing bank borrowings have floating and fixed interest rates and in the main are denominated in HK$ and US$. The interest rates and terms of repayment of interest-bearing bank borrowings of the Group are disclosed in note 24. At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate profile and will consider appropriate hedging measures in the future which may be necessary.

The net interest expense experienced by the Group is HK$1,190,000 (2015: HK$1,655,000 net interest credit) for the year. If there were a 1% increase/(decrease), the net interest credit would increase/(decrease) by approximately HK$384,000 (2015: HK$500,000) for the year.

Fair value risk

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial assets and liabilities.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group has a credit insurance policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Group is exposed to concentration risk as a significant portion of its business is derived from its largest customers. As at 30 September 2016, trade receivables of HK$41,708,000 (2015: HK$55,195,000) were contributed by the top five customers. In order to minimise any credit risk, the management of the Group has delegated a team which is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt on a regular basis to ensure that adequate impairment losses are made for irrecoverable amounts.

Additionally, in certain markets, specific guarantee insurance is taken out to minimise any credit rate risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Management does not expect any significant losses of trade receivables that have not been provided for by way of an allowance.

The credit risk on liquid funds is limited because the counterparts are banks with high credit ratings assigned by international credit-rating agencies.

35. FINANCIAL RISK MANAGEMENT AND POLICIES – *continued*

Liquidity risk

The Group's objective is to ensure that adequate funds are available to meet commitments associated with its financial liabilities.

The Group manages its liquidity needs by carefully monitoring short-term and long-term cash outflows on a regular basis. The Group mainly utilises cash to meet its liquidity requirements for periods up to 30 days. Funding for long-term liquidity needs will be considered when liquidity requirements in the long term are identified.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

As at 30 September 2016

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000
Non-derivative financial liabilities:			
Trade and other payables	**58,235**	**58,235**	**58,235**
Bank borrowings	**39,682**	**39,682**	**39,682**
Dividend payable	**30,000**	**30,000**	**30,000**
Amount due to the immediate holding company	**1**	**1**	**1**
	127,918	**127,918**	**127,918**

As at 30 September 2015

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000
Non-derivative financial liabilities:			
Trade and other payables	44,153	44,153	44,153
Bank borrowings	43,891	43,891	43,891
	88,044	88,044	88,044

35. FINANCIAL RISK MANAGEMENT AND POLICIES – *continued*

Summary of financial assets and liabilities by category

The carrying amounts of financial assets and liabilities presented in the consolidated statement of financial position relate to the following categories:

Financial assets:

	2016 HK$'000	2015 HK$'000
Loans and receivables:		
Trade and other receivables*	**60,476**	68,552
Amounts due from fellow subsidiaries	**247**	127
Cash and bank balances	**74,456**	67,264
	135,179	135,943

* Excluded from trade and other receivables as disclosed in the consolidated statement of financial position of HK$62,869,000 as at 30 September 2016 (2015: HK$69,874,000), is an amount of HK$2,393,000 representing prepayments (2015: HK$1,322,000).

Financial liabilities:

	2016 HK$'000	2015 HK$'000
Financial liabilities measured at amortised cost:		
Trade and other payables	**58,235**	44,153
Bank borrowings	**39,682**	43,891
Dividend payable	**30,000**	—
Amount due to the immediate holding company	**1**	—
	127,918	88,044

36. CAPITAL MANAGEMENT POLICIES AND RISK

The Group's objectives are: to provide returns for its shareholders; to safeguard the Group's ability to continue as a going concern so that it continues to provide returns and benefits for its stakeholders; to support the Group's stability and growth; and to provide capital for the purpose of strengthening the Group's risk management capability.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to its shareholders and issue new shares to reduce its debt level.

Consistent with other industries, the Group monitors capital on the basis of the debt to equity. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing bank borrowings less cash and bank balances. Total capital represents total equity, as shown in the consolidated statement of financial position.

	2016 **HK$'000**	2015 HK$'000
Total net cash (note 30)	**34,774**	23,373
Total capital	**30,973**	77,675
Debt to equity ratio	**N/A**	N/A

37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 30 September 2016 are as follows:

Name of company	Place of incorporation or establishment and type of legal entity	Issued and fully paid shares	Effective interest held by the Company		Principal activities
			2016	2015	
Interest held directly					
Pantene Industrial Co. Limited	Hong Kong ("HK")/Limited liability company	100 shares of HK$10,000	**100%**	100%	Sale and distribution of power-related and electrical/electronic products
Pantronics International Holdings Limited	HK/Limited liability company	10 shares of HK$10	**100%**	100%	Investment holding
Panjet Service Company Limited	HK/Limited liability company	2 shares of HK$2	**100%**	100%	Investment holding
Grace Harvest Corporation Limited	HK/Limited liability company	1 share of HK$1	**100%**	100%	Provision of management services
Interest held indirectly					
Pin Xin International Limited	HK/Limited liability company	10,000 shares of HK$10,000	**100%**	100%	Inactive
Pan Electrium Industrial Company Limited	HK/Limited liability company	5,000,000 shares of HK$5,000,000	**100%**	100%	Inactive
Shenzhen Pantai Electronic Co., Ltd.*	The People's Republic of China (the "PRC")/Wholly foreign-owned enterprise	Registered capital US$1,700,000	**100%**	100%	Manufacture and sale of power-related and electrical/electronic products
Pantene Electronics North America, Inc.*	United States of America/Limited liability company	25,000 shares of US$25,000	**100%**	100%	After-sales support

* The statutory financial statements of these companies are not audited by BDO Limited.

Unless otherwise specified under "Principal activities", the above subsidiaries operate principally in their respective places of incorporation or registration.

The above list includes the subsidiaries of the Company which, in the opinion of the Company's directors, principally affected the results for the year or formed a substantial portion of the assets and liabilities of the Group. To give details of all the other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	**11**	11
Current assets		
Prepayments and other receivables	**5,048**	100
Amounts due from subsidiaries (note (i))	**112,500**	112,463
Cash and bank balances	**747**	636
	118,295	113,199
Current liabilities		
Other payables	**8,619**	49
Dividend payable	**30,000**	—
Amount due to a subsidiary (note (i))	**42,422**	7,422
Amount due to the immediate holding company	**1**	—
Tax payable	**990**	990
	82,032	8,461
Net current assets	**36,263**	104,738
Total assets less current liabilities	**36,274**	104,749
Net assets	**36,274**	104,749
EQUITY		
Share capital	**—**	1
Reserves (note (ii))	**36,274**	104,748
Total equity	**36,274**	104,749

The statement of financial position of the Company was approved by the Board of Directors on 16 December 2016 and is signed on its behalf by:

Henry Woon-hoe Lim
Director

Hsu Simon Nai-cheng
Director

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY – *continued*

Notes:

(i) The amount(s) due from/(to) subsidiaries is/are unsecured, interest free and repayable on demand.

(ii) Movements in reserves

	Other reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 October 2014	99,023	5,684	104,707
Profit for the year	—	78,635	78,635
Dividends paid (note 15)	—	(78,594)	(78,594)
At 30 September 2015 and 1 October 2015	99,023	5,725	104,748
Dividends paid (note 15)	—	(28,500)	(28,500)
Dividend approved and declared (note 15)	—	(30,000)	(30,000)
Loss for the year	—	(9,974)	(9,974)
At 30 September 2016	99,023	(62,749)	36,274

Other reserve

The other reserve represents a transaction arising from a Group reorganisation of HK$93,383,000 and the waiver of an amount due from the former ultimate holding company amounting to HK$5,640,000 during the year ended 30 September 2013.

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, pursuant to the shareholder's resolution dated 17 November 2016, 236,800,000 ordinary shares were issued and allotted to the immediate holding company, NWC, for cash at par value of HK$0.001 each, thus bringing the total of shares issued to NWC to 237,000,000 ordinary shares of HK$0.001 each.

On 21 November 2016, pursuant to the shareholder's resolution dated 17 November 2016, 63,000,000 ordinary shares ("New Shares") of par value HK$0.001 each, were issued at a price of HK$1.50 per share and allotted by way of public offer and placing on the Stock Exchange of Hong Kong. In addition to the 63,000,000 New Shares above, NWC placed an additional 27,000,000 ordinary shares ("Sale Shares") of par value HK$0.001 each at a price of HK$1.50 per share. In summary, 90,000,000 ordinary shares, comprising 63,000,000 New Shares and 27,000,000 Sale Shares, representing 30% of the Company's issued and fully paid share capital were offered by way of public offer (27,000,000 New Shares) and placing (63,000,000 shares comprising 36,000,000 New Shares and 27,000,000 Sale Shares) on the Stock Exchange of Hong Kong. Dealings in the Shares on the Stock Exchange commenced on 21 November 2016.

Save as disclosed above and elsewhere in these consolidated financial statements, no other significant events took place subsequent to 30 September 2016.

Four Years Financial Summary

	For the year ended 30 September			
	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**289,002**	327,634	334,496	325,244
Profit before income tax	**23,423**	43,187	37,411	28,586
Income tax expense	**(8,759)**	(9,979)	(7,217)	(5,345)
Profit for the year	**14,664**	33,208	30,194	23,241
Attributable to:				
Owners of the Company	**14,664**	33,208	30,194	23,241

	As at 30 September			
	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities				
Total assets	**175,917**	178,933	239,561	278,569
Total liabilities	**(144,944)**	(101,258)	(117,186)	(186,142)
Net assets	**30,973**	77,675	122,375	92,427
Equity attributable to owners of the Company	**30,973**	77,675	122,375	92,427

PANTRONICS HOLDINGS LIMITED
桐成控股有限公司