United Pacific Industries

聯 太 工 業

Stock Code : 176

Annual Report 2016

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Ms. Yeung So Lai *(Chairman)*
Mr. Lee Chi Shing Caesar *(Deputy Chairman)*

Independent Non-executive Directors:

Mr. Chiu Sze Wai Wilfred
Mr. Chow Wai Leung William
Ms. Hu Gin Ing

AUDIT COMMITTEE

Ms. Hu Gin Ing *(Chairman)*
Mr. Chiu Sze Wai Wilfred
Mr. Chow Wai Leung William

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Mr. Chow Wai Leung William *(Chairman)*
Mr. Chiu Sze Wai Wilfred
Ms. Hu Gin Ing

REMUNERATION COMMITTEE

Ms. Hu Gin Ing *(Chairman)*
Mr. Chiu Sze Wai Wilfred
Mr. Chow Wai Leung William

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 503C, 5/F Golden Centre
188 Des Voeux Road Central, Hong Kong
Tel: (852) 2802 9988, Fax: (852) 2802 9163
Websites: www.upi.com.hk, www.irasia.com/listco/hk/upi

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd Hong Kong Branch

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street, Hamilton HM11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

BDO Limited

COMPANY SECRETARY

Mr. Luk Chi Keung

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of United Pacific Industries Limited (the "Company"), I am delighted to present the annual report of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2016.

The reporting year was a challenging but significant one for the Group. Despite the continued uncertainty of the economy worldwide, the Group successfully achieved a turnaround on the back of new product launches and effective cost control. The improvement in the gross profit margin was attributable to our continuous efforts to enhance our product portfolio through the development of more sophisticated models and higher-margin products, while taking proactive measures to streamline certain activities with lower growth prospects. We will stay committed to taking the steps necessary to deliver value for shareholders.

To stay competitive in the consumer electronics industry, the Group is dedicated to constant quality improvements and new technological updates for its products to avoid margin-squeezing price competition. We also stay focused on broadening our customer portfolio and market mix to ensure business growth is sustainable.

The industry is under the continued pressure of ever-changing products and shortened technology lifecycles, and overall growth has slowed with softening market demand. Against this backdrop, the Group continues to demonstrate its commitment to innovation in both product development and business operation.

As production costs continue to surge, everything we do is under efficient cost management. Cost control, operational efficiency and quality assurance are of emphasis to the Group as we roll out our business development plans. Along with business diversification, we also seek to maintain close interaction with our suppliers and business partners in order to sustain our product competences and operational excellence.

The Group is actively seeking suitable business targets and investment opportunities based on an evaluation of their fundamentals, market positioning and future growth potential. We will also continue to strive for gains in market share and geographic expansion for our existing businesses.

Finally, our people are one of our greatest assets. We have built and maintain a team of diversified talents with a shared commitment to the Group's core values and strategic goals.

The year ahead will pose continuing challenges arising from modest growth in the industry amid an uncertain macroeconomic environment. However, with a dedicated team and strengthened business foundation, I am optimistic about the Group's future development and performance. Before I conclude, on behalf of the Board, I would like to thank all our stakeholders and partners, including our customers and vendors, who have reposed great trust in us and our products. I would also like to thank all employees for their hard work during the year. May we all continue to work together to achieve greater growth and sustainable value for our shareholders.

Yeung So Lai
Chairman

Hong Kong, 27 March 2017

THE BOARD ROOM

As at the date of this annual report, the biographical details of the Directors are as follows:

EXECUTIVE DIRECTORS

Ms. Yeung So Lai

Ms. Yeung, aged 39, has been appointed as an executive Director since 25 January 2017 and as directors of various subsidiaries of the Company. Ms. Yeung is currently an executive director of Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (stock code: 1383), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 2 September 2011. Ms. Yeung is presently a director of a number of private companies engaged in the business of investment holding and is experienced in corporate management. Ms. Yeung was also the executive director and chief executive officer of Imperium Group Global Holdings Limited (formerly known as JF Household Furnishings Limited) (stock code: 0776) from 21 September 2012 to 31 July 2016, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Lee Chi Shing Caesar

Mr. Lee, aged 53, has been appointed as an executive Director since 25 January 2017 and as directors of various subsidiaries of the Company. Mr. Lee obtained a Professional Diploma in Accountancy from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in 1985 and a Bachelor of Arts in Business Studies from the City University of Hong Kong (formerly known as the City Polytechnic of Hong Kong) in 1994. He had worked in the Inland Revenue Department for over 15 years after his graduation. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He later obtained a Master degree in International Accountancy from the City University of Hong Kong in 2001. He was the executive director of Sun International Resources Limited (formerly known as Galileo Capital Group Limited) (stock code: 8029), a company listed on the Growth Enterprise Market of the Stock Exchange, from 14 August 2006 to 30 November 2015. He has been the executive director of Newtree Group Holdings Limited (stock code: 1323), a company listed on the Main Board of the Stock Exchange since 4 October 2011. He is experienced in corporate management and internal control. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Sze Wai Wilfred

Mr. Chiu, aged 42, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Nominating and Corporate Governance Committee and the Remuneration Committee since 8 February 2017. He is currently a practicing solicitor in Hong Kong. Mr. Chiu obtained a Bachelor of Business from Southern Cross University, Australia in 1997. Mr. Chiu obtained a Bachelor of Laws from Manchester Metropolitan University, United Kingdom in 2003. Mr. Chiu subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in 2005. Mr. Chiu was admitted as a solicitor in 2007 and is now a Partner of Li, Wong, Lam & W.I. Cheung. Mr. Chiu specializes in land, property and development matters and possesses extensive experience in dealing with various kinds of property-related matters. Mr. Chiu is also the Legal Advisor of Hong Kong Gifted Education Teacher's Association.

Mr. Chow Wai Leung William

Mr. Chow, aged 44, has been appointed as an independent non-executive Director, Chairman of the Nominating and Corporate Governance Committee, a member of the Audit Committee and Remuneration Committee since 8 February 2017. He is a certified public accountant and an executive of an accounting firm in Hong Kong. Mr. Chow has various years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Bachelor's Degree in Business Administration (Hons.) from Hong Kong Baptist University in 1996. He is member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Society of Chinese Accountants and Auditors and the Taxation Institute of Hong Kong.

Ms. Hu Gin Ing

Ms. Hu, aged 58, was appointed as an independent non-executive Director, Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee of the Company since November 2013. Ms. Hu was appointed as a member of the Remuneration Committee in May 2014 and re-designated as Chairman in September 2014. Ms. Hu has experience in media, television network and private equity investments. Ms. Hu has been a director/partner of NHL CPA Limited, Hong Kong, since January 2005. She currently holds the position as Global CFO of Acer Inc., a company listed on the Taiwan Stock Exchange Corporation (stock code: 2353). Ms. Hu has been an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996), LVGEM (China) Real Estate Investment Company Limited (stock code: 95) and Enterprise Development Holdings Limited (stock code: 1808), all of which are listed on the Stock Exchange. Ms. Hu was a non-executive director of SMI Culture & Travel Group Holdings Limited (formerly known as SMI Culture Group Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2366) from August 2013 to October 2014 and an independent director of Arich Enterprise Co. Ltd., a company listed on the Taiwan Stock Exchange Corporation (stock code: 4173) from December 2012 to June 2015.

Ms. Hu obtained a Master of Business Administration degree from Florida International University, the United States of America (the "US"), a Master of Science degree from Barry University, the US, and a Bachelor degree in Foreign Language from the National Taiwan University. Ms. Hu is a Certified Public Accountant, a member of the Hong Kong Institute of Certified Public Accountants as well as a member of the American Institute of Certified Public Accountants and has over 22 years of experience in accounting and finance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Key Performance Indicators

	Year ended 31 December 2016	Fifteen months ended 31 December 2015
Revenue (HK$'000)	**141,267**	167,625
Gross profit (HK$'000)	**18,999**	12,158
Gross profit margin (%)	**13.4%**	7.3%
Selling and distribution costs (HK$'000)	**4,045**	4,694
Administrative costs (HK$'000)	**26,824**	40,099
Profit/(loss) after tax (HK$'000)	**3,486**	(8,926)

During the year ended 31 December 2016, the Group recorded revenue of approximately HK$141.3 million (fifteen months ended 31 December 2015: HK$167.6 million), representing a decrease of 15.7%. For the year ended 31 December 2016, the Group posted a profit of approximately HK$3.5 million, compared to a loss of approximately HK$8.9 million for the fifteen months ended 31 December 2015.

During the year, the gross margin improved to 13.4% from 7.3% for the fifteen months ended 31 December 2015. The improvement was mainly attributable to stringent cost controls and the expansion of higher-margin products.

Material costs and overhead expenditures remained steady owing to continuous process improvement. Administrative costs for the year decreased to approximately HK$26.8 million, as compared to approximately HK$40.1 million for the fifteen months ended 31 December 2015.

BUSINESS REVIEW

The Group operated in a challenging environment during the year. Amid slowing global market growth, particularly in some European countries, the Group's revenue continued to moderate. However, it was able to enhance its product portfolio through the development and introduction of more sophisticated models and higher-value-added products. Overall, the Group achieved a more balanced business mix.

Intense competition and currency fluctuations in key markets continued to pose threats to the consumer electronics industry, which has also been subject to the impact of the global macroeconomic slowdown. To counteract these trends, the constant improvement of the Group's competitive position in the industry remains a priority. To secure a more balanced growth prospect, the Group has also sought to broaden its business horizons by acquiring an interest in an after-life services business.

Consumer Electronics Division (the "Division")

Baby monitors continued to be the Division's principal product during the year, with sales revenues accounting for 75% of total sales. A gradual shift in the product mix away from the baby monitors line was witnessed during the year as product diversification was underway.

With the gradual phasing out of old baby monitor models, development of products with upgraded features has been actively in process. A new 'semi-product' series of beauty devices and a nursery Internet of Things ("IoT") product were put into production as a result of the Group's active development work over the past year.

Both product lines progressed well. The beauty devices series contributed 17% of total sales during the year, while the IoT line featuring Wi-Fi cloud connectivity for baby and infant applications contributed 5% of the total.

The Division continued to perform well in developed markets. The US remained the largest market segment generating 73.9% of total sales, with the United Kingdom coming second accounting for 11.7% of sales. While market sentiment in the US was better than that in Europe, the overall customer purchasing attitude was highly price-sensitive. The Division was therefore under intense pressure from clients to lower product prices. The Division had sought to constantly adjust, thus establishing a dynamic geographical market mix in order to strengthen its revenue base. Efforts had also been put into developing new markets.

Management continued with new business development in order to reduce the Division's customer concentration. Encouraging results had been achieved in this direction resulting in a more diverse customer portfolio for the year.

Costs remained a key area of focus for management. An approximately 6.6% depreciation of the Renminbi against the US dollars in 2016 helped offset part of the cost increases. The Division also maintained stringent cost control and prudent financial management in order to guard the Group against volatility in the macroeconomic environment.

Business Developments

The Group holds a 27.9% interest in Yuji Development Corporation ("Yuji"), an after-life services company based in Taiwan. Yuji currently has three columbarium towers and one outdoor cemetery in operation. Its revenue was mainly contributed by the sale of columbarium units and cemetery plots. During the year, Yuji contributed a profit of approximately HK$16.3 million (fifteen months ended 31 December 2015: HK$24.6 million) to the Group.

On 13 February 2017, the Group, being the purchaser, entered into a non-legally binding memorandum of understanding with an independent third party, being the vendor, to purchase the entire issued share capital of a company which entered into a sales and purchase agreement with the owner who holds the legal and beneficial ownership of a 16-storey serviced industrial building located at nos. 13-15 Wing Kei Road and nos. 20-22 Wing Lap Street, Kwai Chung, New Territories, Hong Kong (the "Target Properties"). An application form has been submitted to the Food and Environmental Hygiene Department for the operation of the private columbaria business to be carried out in the Target Properties.

This business development represents an effective strategy for the Group to achieve a better and more balanced earnings and geographical mix. The Group is constantly seeking other viable investment opportunities, with the aim of maximising shareholders' return.

OUTLOOK

The end-user devices sector has undergone a major wave of convergence over the past few years. This digital convergence has precipitated the introduction of a number of new technological standards, which greatly improved the quality and affordability of many equipment types, thus spurring consumer spending.

The Group is operating in the face of strong price pressure and an increasing fraction of the market being captive. Market growth is expected to be moderate in the medium term, but the situation will improve as the market continues to weed out its weakest players over the longer term. Economic growth rates will likely be modest and divergent across markets. In spite of these challenges, the Group will remain highly responsive to new business opportunities while focusing on strengthening its well-established distribution networks and market penetration channels.

Diversification of both products and customers is the Group's long-term goal. To this end, the Group has gained an advantage from the exit of some competitors amid the difficult operating environment over the last few years. However, competition is still intense as the remaining players are mostly large manufacturers who adopt very aggressive pricing strategies. The Group is encouraged to have been able to secure new customers against this competitive backdrop. On this solid client base, the Group will continue to nurture relationships with its customers in order to grow its order book in a balanced way.

Product development is a major factor driving business growth. The Group strives to constantly introduce new products to its portfolio in order to sustain growth momentum. This is made possible by the Group's consistent and market-driven product development efforts, careful evaluation of market preferences, and its ability to manage risks associated with new product introductions.

On the other hand, as part of its continuous efforts to improve productivity, the Group has incorporated a control mechanism to align purchase commitments and inventory levels with anticipated product demand. This control system helps the Group gain visibility in its availability of products in terms of quantity and cost, and alerts it of quality issues or deficiencies in the early stages of production.

Cost management is a key factor to success in such a harsh environment. In light of the keen competition, the Group will continue to exercise strict cost control measures and maintain a lean operating structure. In response to the continuing rising labour costs, automation in production has been taken further forward. Allocation of resources for automation will continue to be made in the years ahead. To effectively control material costs, the Group will also continue to source competitive and high-quality suppliers to keep the overall production cost in check.

The Group is confident of being on the right track to achieve its long-term goals. While actively serving its current customers with its existing products portfolio, the Group constantly reviews its business strategy against its market position and the macroeconomic environment. By leveraging its skill sets and strategic partnerships, the Group will continue to build a more balanced and dynamic earnings mix. The Group is dedicated to investing in strengthening its business fundamentals and potential to enhance shareholders' value in the long term.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group adopted a prudent funding and treasury policy with regard to its overall business operation. As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$313.6 million (31 December 2015: HK$306.7 million). Total net cash (i.e. cash and bank balances less other debt) amounted to approximately HK$313.0 million (31 December 2015: HK$306.7million). The Group had borrowings of approximately HK$0.6 million as at 31 December 2016 (31 December 2015: nil). Borrowings were repayable on demand or within one year, and carried interest at floating interest rates. As at 31 December 2016, the Group had zero gearing ratio (31 December 2015: zero). This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing bank borrowings and obligations under finance leases less cash and cash equivalents. Most of the bank balances were in Hong Kong dollars. With the cash and bank balances available, the Group has sufficient financial resources to finance its operations and to meet the financial obligations of its business.

The Group had net asset value of HK$470.0 million (31 December 2015: HK$464.0 million), with a liquidity ratio (ratio of current assets to current liabilities) of 603.4% (31 December 2015: 793.5%).

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

At 31 December 2016, there were no charges on the Group's assets and the Group did not have any contingent liabilities (31 December 2015: nil).

FOREIGN EXCHANGE EXPOSURE

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed approximately 300 employees (31 December 2015: 360 employees).

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2015: nil).

EVENT AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group had no material event after the end of the reporting period.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain a high standard of corporate governance practices in order to enhance corporate performance and accountability. Continuous efforts are made to review and enhance the Group's procedures in light of changes in regulations and developments in best practices.

CORPORATE GOVERNANCE CODE

The Company has adopted all the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Throughout the year, the Company complied with applicable code provisions of the CG Code, except for the deviation of A.2.1 of the CG Code.

In accordance with the CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title CEO. The daily operation and management of the Company is monitored by the executive Directors. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five Directors, with two executive Directors and three independent non-executive Directors.

With effect from 25 January 2017, Ms. Yeung So Lai and Mr. Lee Chi Shing Caesar were appointed as executive Directors of the Company.

With effect from 8 February 2017, Ms. Kelly Lee resigned as executive Director, Deputy Chairman and CEO of the Company. On the same date, Mr. Lee Chi Shing Caesar was appointed as Deputy Chairman of the Company.

With effect from 8 February 2017, Dato' Choo Chuo Siong resigned as non-executive Director and Chairman of the Company. On the same date, Ms. Yeung So Lai was appointed as Chairman of the Company.

With effect from 8 February 2017, Mr. Sun Jih-Hui resigned as non-executive Director. Dr. Wong Ho Ching and Mr. Lan Yen-Po resigned as independent non-executive Directors. On the same date, Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William were appointed as independent non-executive Directors.

The roles and duties of the Chairman and the CEO of the Company are carried out by different individuals and have been clearly defined. The Chairman provides leadership and strategic direction for the Board and is also responsible for chairing meetings, managing the operations of the Board, and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The CEO is responsible for running the Company's business and implementing the Group's strategic plans and business goals. After the resignation of Ms. Kelly Lee as CEO of the Company on 8 February 2017, no CEO has been appointed.

Appropriate directors' and officers' liability insurance had been arranged for all the Directors and Officers of the Company.

Each newly appointed director receives comprehensive, formal and tailored induction on his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Directors are also regularly updated on the Group's business and accounting reporting standards in the board meetings. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of the training they received for the year ended 31 December 2016 to the Company.

During the year, the Company Secretary, who is the employee of the Company, has taken no less than 15 hours of relevant professional training requirement. A new Company Secretary was appointed on 8 February 2017, who is employee of the Company and has taken no less than 15 hours of relevant professional training requirement.

The Board has a balance of appropriate skills and experience to meet the requirements of the businesses of the Group. All Directors had separate and independent access to the advice and services of the senior management, the Chief Financial Officer and the Company Secretary, with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

During the year, the Board met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing more than one-third of the board of directors, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company had received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

The Board meets regularly and Board meetings are held at least four times a year, and at other times as necessary. Where appropriate, decisions are also taken by way of circulated resolutions. The Board monitors and reviews, among others, the performance of the Group companies, including operations, finance, risk management, internal controls and strategic issues. The principal functions of the Board are to:

- play a key role in the implementation and monitoring of internal controls, financial reporting and risk management;
- assume responsibility for corporate governance and compliance with applicable laws and regulations; and
- approve the Group's strategies, directions and financial objectives.

The overall management of the Company's business is vested in the Board. The Board reserves for its decision all major matters of the Company and it has delegated the day-to-day management, administration and operations of the Company to the executive Directors and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board for all material transactions entered into by senior management and other executives.

The Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

For all of the Board meetings, proper and reasonable notices, adequate and appropriate information in the form of agenda, board papers and minutes of the meetings are prepared and circulated to all the Directors in a reasonable time.

The attendance records of all the Directors for Board and Committee meetings for the year ended 31 December 2016 are set out below:

	No. of meetings attended/No. of meetings held				
Directors	**Full Board**	**Audit Committee**	**NCG Committee**	**Remuneration Committee**	**Annual general meeting**
Executive Director:					
Ms. Kelly Lee (resigned on 8 February 2017)	6/6	N/A	N/A	N/A	1/1
Non-executive Directors:					
Dato' Choo Chuo Siong (resigned on 8 February 2017)	6/6	N/A	N/A	N/A	1/1
Mr. Sun Jih-Hui (resigned on 8 February 2017)	6/6	N/A	N/A	N/A	1/1
Independent Non-executive Directors:					
Dr. Wong Ho Ching (resigned on 8 February 2017)	5/6	1/2	0/1	1/2	1/1
Mr. Lan Yen-Po (resigned on 8 February 2017)	5/6	2/2	1/1	1/2	1/1
Ms. Hu Gin Ing	5/6	2/2	1/1	2/2	1/1
Number of meetings held during the year ended 31 December 2016	**6**	**2**	**1**	**2**	**1**

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities as to the Company's financial statements, reporting, audit findings and reviewing the risk management and internal control systems of the Company, as well as the Company's process for monitoring compliance with certain laws and regulations.

The members of the Audit Committee are as follows: Ms. Hu Gin Ing (Chairman of the Audit Committee), Dr. Wong Ho Ching, and Mr. Lan Yen-Po, all of whom are independent non-executive Directors. Dr. Wong Ho Ching and Mr. Lan Yen-Po resigned as members of the Audit Committee on 8 February 2017. Following their resignation, Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William were appointed as members of the Audit Committee on 8 February 2017.

Work done during the year

- reviewed the annual report and the interim report in accordance with the accounting policies and practices, accounting standards, Listing Rules and legal requirements;
- reviewed the appointment of auditors for audit and non-audit related services and their fees;
- reviewed the audit plans and findings of auditors, risk management, internal controls and financial reporting matter;
- discussed the audit approach and significant audit and accounting issues with the auditors; and
- review the continuing connected transaction.

The Audit Committee met twice a year with the external auditors in the absence of the executive Directors during the year.

REMUNERATION COMMITTEE

The Remuneration Committee advises the Board on Group's compensation policy and practice with a view that a meaningful portion of management's compensation should be contingent upon financial performance of the Group in order to foster the creation of long term shareholder value.

The Remuneration Committee adopted the model described in code provision B.1.2(c)(i) of the CG Code.

The members of the Remuneration Committee are as follows: Ms. Hu Gin Ing (Chairman of the Remuneration Committee), Dr. Wong Ho Ching and Mr. Lan Yen-Po, all of whom are independent non-executive Directors. Dr. Wong Ho Ching and Mr. Lan Yen-Po resigned as members of the Remuneration Committee on 8 February 2017. Following their resignation, Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William were appointed as members of the Remuneration Committee on 8 February 2017.

Work done during the year

- reviewed the remuneration policy for directors and management with reference to the Board's corporate goals and objectives;
- reviewed and determined packages of the directors and management with reference to their duties and responsibilities with the Company; and
- ensured no director or any of his/her associate is involved in deciding his/her own remuneration.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE ("NCG COMMITTEE")

The NCG Committee oversees the composition of the Board to ensure that qualified individuals meeting the criteria of the provisions of the Listing Rules serve as members of the Board and its committees. The NCG Committee also has the responsibility to develop, recommend to the Board and oversee the implementation of corporate governance principles and policies relating to the operation of the Board and its committees and the Company as a whole.

Where vacancies on the Board exist or an additional Director is considered necessary, the NCG Committee will identify suitable candidates and propose the appointment of such candidates to the Board for consideration and the NCG Committee will take into account the qualification as required by the Listing Rules, ability, working experience, leadership and professional ethics, etc. of the candidates and approved if such appointment is considered suitable.

The members of the NCG Committee are as follows: Dr. Wong Ho Ching (Chairman of the NCG Committee), Mr. Lan Yen-Po and Ms. Hu Gin Ing, all of whom are independent non-executive Directors. Dr. Wong Ho Ching resigned as Chairman and member of the NCG Committee and Mr. Lan Yen-Po resigned as member of the NCG Committee on 8 February 2017. Following their resignation, Mr. Chow Wai Leung William was appointed as Chairman and member of the NCG Committee and Mr. Chiu Sze Wai Wilfred was appointed as member of the NCG Committee on 8 February 2017.

Work done during the year

- reviewed the structure, size and composition of the Board, and is of the view that there is an appropriate and diverse mix of skills and experience;
- assessed the independence of independent non-executive Directors and confirmed that all independent non-executive Directors are considered independent;
- reviewed the profile and performance of Directors who will stand for re-election at annual general meeting and confirmed that all those Directors are suitable to stand for re-election;
- developed and reviewed the Company's policies and practices on corporate governance;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; and
- reviewed the Company's compliance with the code provisions of CG Code and disclosure in the Corporate Governance Report.

The NCG Committee continued to monitor the board composition with regard to its diversity policy by reviewing its own size, structure and composition to ensure that the Board has a balance of ages, talents, expertise, skills, experience, culture, knowledge and gender appropriate to the requirements of the Company. The Company believes diversity is important to enhance the Board's effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. The Company will continue to monitor and develop new objectives for implementing and achieving improved diversity on the Board as and when it considers appropriate with regard to the specific needs of the Company and the market from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's systems of risk management and internal control involve the operation and/or supervision of the Board, the Audit Committee and the internal auditor. The main features and the key processes that have been established in reviewing the adequacy and effectiveness of such systems are stated below.

The Board is responsible for overseeing the Group's systems of risk management and internal control. However, these systems are designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the business objectives of the Group. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has overall responsibility in monitoring the process of corporate reporting and control system throughout the Group. The Board delegates the duties of proper and regular reviews on the deployment of resources and financial reporting systems, the corporate governance practices and compliance with the Listing Rules, the Hong Kong Securities and Futures Ordinance ("SFO") and other applicable regulations to the internal auditor. The internal auditor reviews and briefs the systems with the Audit Committee at least annually.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of risk management and internal control when there are changes to business environment or regulatory guidelines. The effectiveness and efficiency of the risk management and internal control systems are reviewed annually.

For risk management process, the Group has adopted a three lines of defense model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluating, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any newly identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt mitigating measures to manage such risks.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure the maintenance of proper accounting records and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board and Audit Committee annually. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

For the year ended 31 December 2016, the Board, through the Audit Committee with the assistance of internal auditor and the senior management of the Company, reviewed the effectiveness of the risk management and internal control systems of the Group (including the consideration of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions). The controls within these systems were considered effective and adequate.

Internal auditor assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and involving in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal control include the following:

- the internal auditor ensures the effectiveness of the daily operations and that the operations are in accordance with the corporate objectives and strategies.
- the Audit Committee of the Company reviews risk management and internal control issues (if any) identified by internal auditor, external auditor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems.

The internal auditor checks for compliance with statutory requirement, internal policies and procedures. He assesses the operating effectiveness and efficiency of the risk management and internal control systems in the course of his audit. The audit scope and frequency are determined by the level of assessed risks and have to be reviewed and approved by the Audit Committee.

The Group has already established the inside information policies. They depict clearly the decision trees to distinguish inside information and the necessary actions. Employees are required to keep all inside information in strict confidence. Once the inside information needs disclosure, the manner must be equal, timely and effective.

AUDITOR'S REMUNERATION

The Company's principal auditor is BDO Limited. The total remuneration paid and payable to BDO Limited and auditors of subsidiaries and associate in respect of audit services and non-audit services for the year ended 31 December 2016 amounted to approximately HK$922,000 and HK$273,000, respectively.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2016. The auditor of the Company acknowledges its reporting responsibilities on the financial statements for the year ended 31 December 2016 as set out in the Independent Auditor's Report on pages 28 to 31.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend the general meetings to have personal communication with shareholders. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders.

The Chairman of the Company, chairmen and members of audit, remuneration and nominating and corporate governance committees and representatives of BDO Limited, the external auditor of the Company, attended the annual general meeting held on 26 May 2016. All these persons were available to answer questions at the annual general meeting.

For both institutional and retail investors, the Company's website at www.upi.com.hk, as well as a third-party hosted website at www.irasia.com/listco/hk/upi, provide up-to-date information of the Group. All key information such as announcements, annual and interim reports and circulars can be downloaded from these websites.

SHAREHOLDERS' RIGHTS

(i) Procedures by which Shareholders can convene a Special General Meeting ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

The requisition must state the purpose of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company with a copy to the Company's head office and principal place of business in Hong Kong at Unit 503C, 5/F Golden Centre, 188 Des Voeux Road Central, Hong Kong, for the attention of the Company Secretary.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

(ii) Procedures for putting forward proposals at General Meetings ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having, at the date of the requisition, a right to vote at the GM, or who are no less than 100 shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited at the Company's head office and principal place of business in Hong Kong at Unit 503C, 5/F Golden Centre, 188 Des Voeux Road Central, Hong Kong, for the attention of the Company Secretary not less than six weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

(iii) Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's registrar. Shareholders and the investment community may at any time make a request for information on the Company to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's head office and principal place of business in Hong Kong at Unit 503C, 5/F Golden Centre, 188 Des Voeux Road Central, Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's memorandum of association and Bye-Laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are pleased to present this report in accordance with "Comply or Explain" provisions in the Environmental, Social, and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules.

AIR EMISSION

Our subsidiary in the People's Republic of China ("PRC") implements ISO 14001 Environmental Management System, which ensures our subsidiary in Mainland China improves its environmental performance through more efficient use of resources and reduction of waste.

ENERGY EFFICIENCY

The daily operation of the Group generates green house gases by electricity consumption. The Group promotes Green Office Management by reduction of paper consumption, recycling waste paper and maintaining indoor temperature at 25°C.

For our subsidiary in Mainland China, we have installed power factor correction unit at incoming power station and surface mount section to increase efficiency of power supply.

ENVIRONMENTAL POLICY

The Company encourages environmental protection and promotes awareness towards environmental protection. The Company has adhered to the concepts of recycling and reducing by implementing green office practices such as double-sided printing and copying, using recycle papers and reducing energy by switching off those idle lighting. The Board will review the Company's environmental saving practices and identify other energy efficiency opportunities from time to time.

EMPLOYMENT AND LABOUR PRACTICES

As at 31 December 2016, the Group employed approximately 300 employees (2015: 360 employees). Employees are remunerated according to overall guidelines within the relevant industries. The Group has also adopted certain bonus programs, medical insurance and other welfare and benefit programs for its various categories of employees. The remuneration policy of the Group is reviewed regularly and is in line with the performance, qualification of individual employees and prevailing market condition.

HEALTH AND SAFETY

The Group is also committed to employees' safety and health. The Group endeavours to provide safe and healthy working environment and has complied with the Labor Law of the PRC, the Law of the PRC on the Protection of Labor Rights and Interests and other applicable regulations. Regular safety review are performed in accordance with the statutory and industry requirement.

DEVELOPMENT AND TRAINING

The Group considers our staff as the most important asset and resource. We provide training regularly to employees to enhance their knowledge and skills to meet changing challenges. Training includes internal and external trainings. Employees are provided with development and learning opportunities in renovation environment within the Group.

LABOR STANDARDS

The Group has strict and clear policy in recruitment. The Group does not employ child or forced labor. Employees of the Group are not forced to work beyond working works and are compensated with overtime pay in accordance with relevant PRC labor regulations.

SUPPLY CHAIN MANAGEMENT

The Group developed comprehensive policy in governing suppliers. Suppliers are required to comply with relevant regulations of US and European Commission, such as Restriction of Hazardous Substances Directive; REACH Regulation & The Consumer Product Safety Improvement Act, etc.. Regular assessments are carried out by the authorities to ensure all suppliers comply with relevant requirements of above regulations.

PRODUCT RESPONSIBILITIES

The Group always puts customer relationship and satisfaction in first priority. The Group exercises strict control over its product safety and quality to maintain product quality and customer satisfaction. Every product undergoes quality and safety testing and we have Quality Division to examine products. During the year, there were no instances of non-compliance of laws or regulations related to product liability.

ANTI-CORRUPTION

The Group has established strong internal control environment and stringent policies against corruption and fraud to comply with applicable laws in Hong Kong and Mainland China on anti-bribery and anti-corruption. The Board of Directors sets a tone of zero-tolerance on corruption and fraud.

Code of conduct provides guidelines for staff to work in an ethical, socially responsible manner and uphold high standard of integrity. It also operates an independent whistleblower channel to secure channel of communication for staff.

COMMUNITY INVESTMENT

The Group encourages young people to demonstrate their potential by make good use of their strengths. The Group donated HK$100,000 to charitable organisation during 2016 to sponsor students with financial difficultly.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is a diversified investment holding company. The activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 32 and the accompanying notes to the consolidated financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$100,000 (fifteen months ended 31 December 2015: nil)

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A financial summary of the Group for five financial years is set out on pages 79 and 80.

SHARE CAPITAL

Details of the Company's share capital as at 31 December 2016 are set out in note 22 to the 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 14 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 36.

At 31 December 2016, the Company's reserves, for distribution purposes, showed a surplus of HK$35,673,000 comprising accumulated losses of HK$35,238,000 and a contribution surplus of HK$70,911,000. Under the Companies Act 1981 of Bermuda (as may be amended from time to time), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

BUSINESS REVIEW AND PERFORMANCE

Business Review

The business review and outlook and an analysis of the Group's performance by using key financial indicators for the year is set out in the sections headed "Chairman's Statement", "Management's Discussion and Analysis" and "Financial Summary" of this annual report.

Principal Risks and Uncertainties

Business risk

The Group's revenue comes from the sale of baby monitors and is subject to keen pricing competition environment and customer concentration risk. The general economic conditions and consumer sentiment also affect the sales and results of the Group.

The Group will continue to roll out active business development initiatives to reduce the product and market concentration. Product series extension to different categories will be a major strategy. At the same time, the Group will follow through strict costs control measures to improve the operational efficiency and tackle the adverse market conditions.

Credit risk

The Group's principal financial assets are trade receivables and bank balances, which represent the maximum exposure to credit risk in relation to financial assets. The credit risk is primarily attributable to trade receivables. In order to minimise credit risk, the management continuously monitors the level of exposure to ensure that follow-up action is taken on a timely basis to recover overdue debts. In addition, the management will review the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment loss, if necessary, are provided for irrecoverable amounts. The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statements of financial position. The Group has a concentration of credit risk of the trade receivables due from the largest debtor. As at 31 December 2016, HK$29,125,000 (31 December 2015: HK$30,260,000) were contributed by the top five customers. Credit risks on bank deposits and bank balances is limited because all of the counterparties are reputable banks and financial institution.

BUSINESS REVIEW AND PERFORMANCE *(Continued)*

Principal Risks and Uncertainties *(Continued)*

Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates and consequently affect the Group's financial results and cash flows.

Certain of the financial assets are denominated in US dollars, which is different from the respective functional currency of the entity for which the balances reside in. Besides, certain part of the cash flows is derived from dividend income from the associate in Taiwan, and would be exposed to foreign currency risks when the dividends are received in New Taiwan dollars.

The Group has not engaged in any foreign currency hedging activities as at the date of this annual report and will closely monitor the foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner when necessary.

Environmental Policies and Performance

The trend towards environmental consciousness is expected to continue, as waste becomes a bigger problem, and natural resources are depleted at an increasing rate. Recognising that these trends will shape the future of the industry, management devotes its efforts to adjust its production and business modes to minimise the impact to the environment. The Group believes that in the long run, due performance and environmental responsibility would definitely improve the effectiveness of the utilisation of the Group's resources and would raise the economic efficiency to the Group.

The Group has complied with the applicable environmental laws and regulations of the places where the Group has business operations. The Group will review its environmental practices from time to time and will consider implement further eco-friendly measures and practices in the Group's business operation to enhance sustainability.

Compliance with Laws and Regulations

The Group's business are mainly carried out by the Company's subsidiaries and associate established in Hong Kong, the British Virgin Islands (the "BVI"), the PRC and Taiwan while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, the PRC, the BVI, Taiwan and Hong Kong.

During the year and up to the date of this annual report, the Group had complied with all the relevant rules, laws and regulations in Bermuda, the PRC, the BVI, Taiwan and Hong Kong that have a significant impact on the Group.

Key Relationships with Employees, Customers and Suppliers

The Group has always paid great attention to and maintained a good working relationship with its suppliers of raw materials, and has been providing quality professional and customer-oriented services for its regional markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

Event after the End of the Reporting Period

Details of the event after the end of the reporting period are set out in note 30 to the consolidated financial statements.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the year and up to the date of this report are:

Executive Directors:

Ms. Yeung So Lai (appointed on 25 January 2017)
Mr. Lee Chi Shing Caesar (appointed on 25 January 2017)
Ms. Kelly Lee (resigned on 8 February 2017)

Non-executive Directors:

Dato' Choo Chuo Siong (resigned on 8 February 2017)
Mr. Sun Jih-Hui (resigned on 8 February 2017)

Independent Non-executive Directors:

Mr. Chiu Sze Wai Wilfred (appointed on 8 February 2017)
Mr. Chow Wai Leung William (appointed on 8 February 2017)
Dr. Wong Ho Ching (resigned on 8 February 2017)
Mr. Lan Yen-Po (resigned on 8 February 2017)
Ms. Hu Gin Ing

In accordance with Bye-Law 111(A) and 111(B) of the Company's Bye-Laws and Code Provision A.4.2 of the CG Code as set out in Appendix 14 of the Listing Rules, Ms. Hu Gin Ing will retire as Director at the forthcoming annual general meeting of the Company ("AGM"), being eligible, will offer herself for re-election.

In accordance with Bye-Law 115 of the Company's Bye-Laws, Ms. Yeung So Lai, Mr. Lee Chi Shing Caesar, Mr. Chiu Sze Wai Wilfred and Mr. Chow Wai Leung William hold office until the forthcoming AGM. All of them, being eligible, will offer themselves for re-election.

Ms. Kelly Lee, Dato' Choo Chuo Siong, Mr. Sun Jih-Hui, Dr. Wong Ho Ching and Mr. Lan Yen-Po resigned as Directors of the Company. All of them have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation. All Directors are subject to retirement by rotation as required by the Company's Bye-Laws.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs charges, losses, damages and expenses which they are or 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 Group.

DIRECTORS' INTEREST IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2016, the interests of the Directors and their associates in the ordinary shares and underlying ordinary shares of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which are required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions

(i) Interests in the Company

Name of director	Capacity/Nature of interest	Number of ordinary shares held	Percentage interest in the Company's issued shares as at 31 December 2016
Mr. Sun Jih-Hui (Note)	Interest in controlled corporation/ Corporate interest	163,336,303	12.39%

Note:

These shares are held by Kingage International Limited ("Kingage") which is wholly owned by Mr. Sun Jih-Hui. Mr. Sun Jih-Hui resigned as non-executive Director of the Company on 8 February 2017.

(ii) Interests in the an associated corporation

Name of associated corporation	Name of director	Capacity/ Nature of interest	Number of shares of associated corporation	Issued shares of associated corporation as at 31 December 2016	Percentage of the associated corporation's issued shares as at 31 December 2016
Yuji Development Corporation	Dato' Choo Chuo Siong (Note 1, 2)	Interests in controlled corporation/ Corporate interest	26,222,056	181,930,324	14.41%
	Mr. Sun Jih-Hui (Note 2)	Beneficial owner/ Beneficial interest	38,143	181,930,324	0.02%
		Interest of spouse/ Family interest	24,090	181,930,324	0.01%

Notes:

1. Dato' Choo Chuo Siong holds 100% direct interest in Sino Market Global Limited ("Sino Market") and is accordingly deemed to have interest in the shares of Yuji Development Corporation by Sino Market.
2. Dato' Choo Chuo Siong and Mr. Sun Jih-Hui resigned as non-executive Directors of the Company on 8 February 2017.

DIRECTORS' INTEREST IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Other than as disclosed above, neither the Directors, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2016, the interests or short positions of those persons (other than Directors whose interests disclosed above) in the ordinary shares and underlying ordinary shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Long Positions

Name of shareholders	Capacity/Nature of Interest	Number of ordinary shares held	Percentage interest in the Company's issued shares as at 31 December 2016
Best Service Holdings Limited ("Best Service")[1]	Beneficial owner/Beneficial interest	281,313,309	21.34%
Kingage[2]	Beneficial owner/Beneficial interest	163,336,303	12.39%
Super Fame Holdings Limited ("Super Fame")[3]	Beneficial owner/Beneficial interest	446,649,612	33.73%

Notes:

1. The Goldenlife PTC Limited ("Goldenlife"), as trustee of a discretionary trust, holds 100% direct interest in Ever Team Global Limited ("Ever Team") and is accordingly deemed to have interest in the ordinary shares interested by or deemed to be interested by Ever Team for the purpose of Part XV of the SFO. The founder of the said trust is Mr. Lee Shih-Tsung. Ever Team holds 100% direct interest in Best Service and accordingly, Goldenlife and Ever Team are deemed to have an interest in the ordinary shares interested by Best Service for the purpose of Part XV of the SFO.

2. Ms. Chou Chi-Chin, being the spouse of Mr. Sun Jih-Hui who wholly owns Kingage, is accordingly deemed to have interest in the ordinary shares interested by or deemed to be interested by Mr. Sun Jih-Hui for the purpose of Part XV of the SFO.

3. Super Fame owned as to 55% by Ms. Yeung So Lai ("Ms. Yeung") and 45% by Mr. Lee Chi Shing Caesar ("Mr. Lee"). As such, Ms. Yeung and Mr. Lee were deemed to be interested in 446,649,612 shares of the Company held by Super Fame.

Save as disclosed above, as at 31 December 2016, the Company has not been notified of any other interests or short positions in the ordinary shares and underlying ordinary shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONNECTED TRANSACTION

On 19 August 2014, Alford Industries Limited ("Alford"), a wholly owned subsidiary of the Company, entered into a management agreement (the "Management Agreement") with Grace Harvest Corporation Limited ("Grace Harvest"), a company wholly owned by Mr. Simon Hsu Nai-Cheng, a former director of the Company who resigned on 30 May 2014, to manage the business of Alford from time to time for a term of three years commencing from 1 October 2014. The annual caps of the management fee payable by Alford to Grace Harvest for each of the three financial years ended 30 September 2015, 30 September 2016 and 30 September 2017, were set at HK$10 million each as disclosed in the Company's announcement dated 19 August 2014.

During the year ended 31 December 2016, since the consolidated net profit after tax of Alford group did not meet the target profit amount, as adjusted according to the change of the financial year end of the Company from 30 September to 31 December, as set out in the Management Agreement, no management fee was paid.

The independent non-executive Directors have conducted an annual review and confirmed to the Board that during the year, the continuing connected transaction between Alford and Grace Harvest has been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. in accordance with the agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than disclosed as above, no significant transactions, arrangements or contracts in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries, or its parent company (if any) was a party or were parties and in which a Director or former Director or any connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

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

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

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

Sales to the largest customer and the five largest customers accounted for 39% and 97%, respectively, of total revenues for the year.

Purchases from the largest supplier and the five largest suppliers accounted for 15% and 42%, respectively, of total purchases for the year.

As far as the Directors are aware, none of the Directors, their close associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's total issued shares) has any interest in the customers or suppliers of the Company disclosed above.

EMOLUMENT POLICY

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors throughout the year and up to 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

Principal corporate governance practice as adopted by the Company is set out in the Corporate Governance Report on pages 10 to 17.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

AUDITOR

The consolidated financial statements for the year have been audited by BDO Limited which will retire and being eligible, offer themselves for reappointment at the forthcoming AGM.

On behalf of the Board
United Pacific Industries Limited

Yeung So Lai
Chairman

Hong Kong, 27 March 2017

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF UNITED PACIFIC INDUSTRIES LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of United Pacific Industries Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 32 to 78, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

A key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER *(Continued)*

Interest in an associate

(Refer to note 15 to the consolidated financial statements and the accounting policies on page 42)

Under the equity method of accounting, the carrying value of interest in an associate amounted to HK$155,317,000 as at 31 December 2016 and the share of profits and total comprehensive income of the associate for the year ended amounted to HK$16,496,000.

We have identified interest in an associate as a key audit matter because of its significant financial impact on the consolidated financial statements and there is a component auditor involved.

Our response

Our audit procedures were designed to ensure that we obtained sufficient appropriate audit evidence regarding the financial information of the associate to express an opinion on the consolidated financial statements:

- We instructed the component auditor as to the significant areas to be covered, including the relevant risks identified by us, the information to be reported back, and the component materialities.
- We reviewed the key audit working papers of the component auditor and held a closing meeting with senior member of the engagement team of the component auditor.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number P01330
Hong Kong, 27 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Revenue	6	**141,267**	167,625
Cost of sales		**(122,268)**	(155,467)
Gross profit		**18,999**	12,158
Other income	7	**3,309**	5,259
Selling and distribution costs		**(4,045)**	(4,694)
Administrative costs		**(26,824)**	(40,099)
Finance costs	8	**(9)**	(3,675)
Gain on dilution of interest in an associate		**–**	1,152
Share of results of an associate	15	**16,333**	24,594
Profit/(loss) before tax	9	**7,763**	(5,305)
Income tax expense	11	**(4,277)**	(3,621)
Profit/(loss) for the year/period		**3,486**	(8,926)
Earnings/(loss) per share			
Basic and diluted	13	**HK cents 0.26**	HK cents (0.75)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 HK$'000**	Fifteen months ended 31 December 2015 HK$'000
Profit/(loss) for the year/period		**3,486**	(8,926)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Investment revaluation reserve written off		**209**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**(662)**	(873)
Exchange differences arising from the translation of interest in a foreign associate	15	**2,926**	(7,517)
Change in fair value of available-for-sale financial assets		**–**	(160)
Share of other comprehensive income of an associate	15	**131**	–
Other comprehensive income for the year/period, net of tax		**2,604**	(8,550)
Total comprehensive income for the year/period, attributable to owners of the Company		**6,090**	(17,476)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**4,232**	3,957
Interest in an associate	15	**155,317**	152,383
Available-for-sale financial assets	16	**–**	77
		159,549	156,417
CURRENT ASSETS			
Inventories	17	**24,608**	12,599
Trade and other receivables	18	**35,990**	34,565
Cash and bank balances		**313,616**	306,669
		374,214	353,833
CURRENT LIABILITIES			
Trade and other payables	19	**53,362**	37,004
Interest-bearing bank borrowings	20	**641**	–
Tax payable		**8,010**	7,587
		62,013	44,591
NET CURRENT ASSETS		**312,201**	309,242
TOTAL ASSETS LESS CURRENT LIABILITIES		**471,750**	465,659
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	**1,704**	1,703
NET ASSETS		**470,046**	463,956
CAPITAL AND RESERVES			
Share capital	22	**131,828**	133,171
Reserves	23	**338,218**	330,785
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**470,046**	463,956

The consolidated financial statements on pages 32 to 78 were approved and authorised for issue by the board of directors on 27 March 2017 and are signed on its behalf by:

YEUNG SO LAI
DIRECTOR

LEE CHI SHING CAESAR
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK$'000	Share premium* HK$'000	Treasury share reserve* HK$'000	Share option reserve* HK$'000	Other reserve* HK$'000	Convertible bonds equity reserve* HK$'000	Capital redemption reserve* HK$'000	Capital reserve* HK$'000	Translation reserve* HK$'000	Investment revaluation reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 October 2014	116,087	124,948	(4,968)	543	40	4,349	1,442	19,870	948	(49)	139,099	402,309
Exercise of share options	750	2,182	–	(584)	–	–	–	–	–	–	–	2,348
Exercise of conversion rights	16,334	64,749	–	–	–	(4,349)	–	–	–	–	–	76,734
Share-based compensation expenses	–	–	–	41	–	–	–	–	–	–	–	41
Transactions with owners	17,084	66,931	–	(543)	–	(4,349)	–	–	–	–	–	79,123
Loss for the period	–	–	–	–	–	–	–	–	–	–	(8,926)	(8,926)
Other comprehensive income:												
Exchange differences arising from the translation of foreign operations	–	–	–	–	–	–	–	–	(873)	–	–	(873)
Exchange differences arising from the translation of interest in a foreign associate (note 15)	–	–	–	–	–	–	–	–	(7,517)	–	–	(7,517)
Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	(160)	–	(160)
Total comprehensive income for the period	–	–	–	–	–	–	–	–	(8,390)	(160)	(8,926)	(17,476)
At 31 December 2015	133,171	191,879	(4,968)	–	40	–	1,442	19,870	(7,442)	(209)	130,173	463,956

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK$'000	Share premium* HK$'000	Treasury share reserve* HK$'000	Other reserve* HK$'000	Capital redemption reserve* HK$'000	Capital reserve* HK$'000	Translation reserve* HK$'000	Investment revaluation reserve* HK$'000	Retained profits* HK$'000	Total HK$'000
At 1 January 2016	133,171	191,879	(4,968)	40	1,442	19,870	(7,442)	(209)	130,173	463,956
Cancellation of treasury shares	(1,343)	(3,625)	4,968	–	–	–	–	–	–	–
Transaction with owners	(1,343)	(3,625)	4,968	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	–	–	3,486	3,486
Other comprehensive income:										
Exchange differences arising from the translation of foreign operations	–	–	–	–	–	–	(662)	–	–	(662)
Exchange differences arising from the translation of interest in a foreign associate (note 15)	–	–	–	–	–	–	2,926	–	–	2,926
Investment revaluation reserve written off	–	–	–	–	–	–	–	209	–	209
Share of other comprehensive income of an associate (note 15)	–	–	–	–	–	–	–	131	–	131
Total comprehensive income for the year	–	–	–	–	–	–	2,264	340	3,486	6,090
At 31 December 2016	131,828	188,254	–	40	1,442	19,870	(5,178)	131	133,659	470,046

* The total reserves at 31 December 2016 is HK$338,218,000 (2015: HK$330,785,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Cash flows from operating activities:		
Profit/(loss) before tax	**7,763**	(5,305)
Adjustment for:		
Interest income	**(1,844)**	(3,904)
Interest on interest-bearing bank borrowings and overdrafts	**9**	42
Imputed interest on convertible bonds	**–**	3,633
Share of results of an associate	**(16,333)**	(24,594)
Gain on dilution of interest in an associate	**–**	(1,152)
Depreciation of property, plant and equipment	**1,327**	1,648
Gain on disposal of property, plant and equipment	**(76)**	(384)
Impairment loss/(reversal of impairment loss) on trade receivables	**174**	(92)
Reversal of impairment loss on inventories	**(1,778)**	(717)
Written off of available-for-sale financial assets	**286**	–
Share-based compensation expenses	**–**	41
Operating cash flows before movements in working capital	**(10,472)**	(30,784)
(Increase)/decrease in inventories	**(10,231)**	6,300
(Increase)/decrease in trade and other receivables	**(1,432)**	47,337
Increase/(decrease) in trade and other payables	**16,356**	(25,019)
Net cash used in operations	**(5,779)**	(2,166)
Income tax paid	**(3,865)**	(7,525)
Net cash used in operating activities	**(9,644)**	(9,691)
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(1,829)**	(1,390)
Proceeds from disposal of property, plant and equipment	**25**	384
Dividend received from an associate	**16,488**	30,712
Interest received	**1,844**	3,904
Net cash generated from investing activities	**16,528**	33,610
Cash flows from financing activities:		
Repayments of bank borrowings	**(655)**	(6,020)
Interest paid on interest-bearing bank borrowings and bank overdrafts	**(7)**	(42)
Proceeds from exercise of share options	**–**	2,348
Proceeds from bank borrowings	**1,296**	–
Principal repayment of obligations under finance leases	**–**	(9)
Net cash generated from/(used in) financing activities	**634**	(3,723)
Net increase in cash and cash equivalents	**7,518**	20,196
Effect of foreign exchange rates	**(571)**	(708)
Cash and cash equivalents at the beginning of the year/period	**306,669**	287,181
Cash and cash equivalents at the end of the year/period	**313,616**	306,669
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**313,616**	306,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. CHANGE OF FINANCIAL YEAR END DATE

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

2. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The activities of its principal subsidiaries and associate are set out in notes 32 and 15, respectively.

The functional currency and the presentation currency of the Company is Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. As the shares of the Company are listed on Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Directors consider that it will be more appropriate to adopt HK$ as the Group's presentation currency.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively include all applicable HKFRSs, Hong Kong Accounting Standard ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the applicable disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets, which are stated at their fair value. The measurement bases are fully described in accounting policies set out below.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/revised HKFRSs – effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative

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.

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

The adoption of these amendments has no impact on these financial statements.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Statement of Cash Flows[1]
Amendments to HKAS 12	Income Taxes[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

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

Amendments to HKAS 7 – Statement of Cash Flows

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Income Taxes

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

HKFRS 9 - Financial Instruments

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

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

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

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

Amendments to HKFRS 15 – Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases"and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease.

This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor 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.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group made up to 31 December each year. 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.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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 non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries

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

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

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

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

In the Company's statement of financial position, 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.

Interest in an associate

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influences is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over these policies.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is carried in the statement of financial position at cost, as adjusted for post-acquisition changes in the Group's share of the net assets of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Profits and losses arising on transactions between the Group and its associate are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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) Rental income, including rentals invoiced in advance from freehold land and building under operating leases, is recognised on a straight-line basis over the term of the lease.

(c) Interest income from a financial asset is recognised as it accrues using the effective interest method.

Property, plant and equipment

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

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

The property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the remaining unexpired term of the lease or five years, whichever is shorter
Furniture, fixtures and equipment	10% - 25%
Motor vehicles	20% - 25%
Plant and machinery	10% - $33^1/_3$%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 the 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 the profit or loss during the financial period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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 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 receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment loss.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and 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 financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment loss is 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

When the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the profit or loss.

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment loss at the end of each reporting period subsequent to initial recognition. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale equity investments, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit or loss.

For financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment loss is written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment loss for doubtful receivables is recorded using an allowance account. When the Group is satisfied that recovery of the trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the profit or loss.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

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 borrowing costs.

Other financial liabilities

Other financial liabilities including trade payables 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.

When any entity within the Group purchases the Company's ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners and presented as "treasury shares" within equity, until they are cancelled, sold or reissued.

When treasury shares are cancelled, the cost of the treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is taken to equity as other reserve of the Company.

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into their respective components on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option.

4. 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 the 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 the 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 the profit or loss in the period in which they are incurred.

Inventories

Inventories are initially recognised at cost, and subsequently 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount 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 Director's 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.

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 reflects 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. 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. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

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 the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

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) 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 the profit or loss in the period in which the foreign operation is disposed of.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated in Hong Kong dollars at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

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 loss. 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.

Assets held under finance leases are recognised as assets of the Group at fair values at inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. Finance charges are charged directly to the profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the 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.

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

Related parties

(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 apply:

- (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 services to the Group or to the Group's parent.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive Director.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 inventories 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 trade receivables

Management assesses the recoverability of the trade receivables based on the estimate on their financial status and their ability to repay their obligations when they fall due. Judgment is required in assessing the ultimate realisation of these receivables, and the financial conditions of the debtors may undergo adverse changes since the last management evaluation. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required in future accounting periods.

6. REVENUE AND SEGMENT INFORMATION

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

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

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

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Reportable segment revenue	**141,267**	167,625
Reportable segment profit/(loss)	**5,545**	(5,274)
Gain on dilution of interest in an associate	**–**	1,152
Share of results of an associate	**16,333**	24,594
Unallocated corporate costs (note)	**(15,557)**	(25,664)
Unallocated corporate net finance credit/(charge)	**1,442**	(113)
Profit/(loss) before tax	**7,763**	(5,305)
Other information:		
Additions to segment non-current assets	**1,813**	1,341
Net finance credit	**(393)**	(342)
Depreciation of property, plant and equipment	**1,035**	1,273
Income tax charge/(credit)	**1,010**	(1,298)
Impairment loss/(reversal of impairment loss) on trade receivables	**174**	(92)
Reversal of impairment loss on inventories	**(1,778)**	(717)

Note:

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

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

	2016	2015
	HK$'000	HK$'000
Assets		
Reportable segment assets	**101,773**	83,765
Interest in an associate	**155,317**	152,383
Available-for-sale financial assets	**–**	77
Unallocated corporate assets (note)	**276,673**	274,025
Total assets	**533,763**	510,250

Note:

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

	2016	2015
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**48,533**	34,397
Deferred tax liabilities	**1,704**	1,703
Unallocated corporate liabilities	**13,480**	10,194
Total liabilities	**63,717**	46,294

Geographical information

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

	Year ended 31 December 2016	Fifteen months ended 31 December 2015
	HK$'000	HK$'000
PRC		
Mainland China	**700**	243
Hong Kong (place of domicile)	**151**	271
	851	514
United States of America ("US")	**104,447**	102,485
United Kingdom	**16,586**	32,095
Europe	**13,055**	23,731
Others	**6,328**	8,800
	141,267	167,625

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

For the year ended 31 December 2016, revenue from three customers (fifteen months ended 31 December 2015: two customers) with whom transactions have exceeded 10% of the Group's revenue for the year/period as detailed below:

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Customer A	**54,641**	29,058
Customer B	**50,006**	117,756
Customer C	**23,202**	N/A
	127,849	146,814

7. OTHER INCOME

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Interest on bank deposit and balances	**1,844**	3,904
Gain on disposal of property, plant and equipment	**76**	384
Others	**1,389**	971
	3,309	5,259

8. FINANCE COSTS

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Interest on bank borrowings and bank overdrafts	**9**	42
Imputed interest on convertible bonds	**–**	3,633
	9	3,675

9. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Staff costs including Directors' emoluments:		
Directors' emoluments (note 10)	**3,060**	3,772
Staff salaries, allowance and welfare	**24,152**	34,438
Retirement benefit scheme contributions	**2,049**	2,830
Total employee costs	**29,261**	41,040
Auditors' remuneration	**922**	1,442
Cost of inventories recognised as expenses	**122,268**	155,467
Depreciation of property, plant and equipment	**1,327**	1,648
Exchange losses	**2,037**	6,393
Minimum lease payment in respect of rented premises	**2,666**	3,516
Impairment loss/(reversal of impairment loss) on trade receivables	**174**	(92)
Reversal of impairment loss on inventories	**(1,778)**	(717)

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the Directors are as follows:

For the year ended 31 December 2016

	Fees HK$'000	Basic salaries and allowances HK$'000	Bonuses HK$'000	Benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Director:						
Ms. Kelly Lee	–	1,236	206	600	18	2,060
Non-executive Directors:						
Dato' Choo Chuo Siong	250	–	–	–	–	250
Mr. Sun Jih-Hui	–	–	–	–	–	–
Dr. Wong Ho Ching*	250	–	–	–	–	250
Mr. Lan Yen-Po*	250	–	–	–	–	250
Ms. Hu Gin Ing*	250	–	–	–	–	250
	1,000	1,236	206	600	18	3,060

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' emoluments *(Continued)*

For the fifteen months ended 31 December 2015

	Fees HK$'000	Basic salaries and allowances HK$'000	Bonuses HK$'000	Benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Director:						
Ms. Kelly Lee	–	1,500	200	750	23	2,473
Non-executive Directors:						
Dato' Choo Chuo Siong	313	–	–	–	–	313
Mr. Sun Jih-Hui	–	–	–	–	–	–
Mr. Anthony Lee (resigned on 8 December 2014)	47	–	–	–	–	47
Dr. Wong Ho Ching*	313	–	–	–	–	313
Mr. Lan Yen-Po*	313	–	–	–	–	313
Ms. Hu Gin Ing*	313	–	–	–	–	313
	1,299	1,500	200	750	23	3,772

* independent non-executive Directors

During the year ended 31 December 2016, Mr. Sun Jih-Hui waived his emoluments in the amount of HK$250,000 (fifteen months ended 31 December 2015: HK$313,000). Save as aforesaid, no Director has waived or agreed to waive any emoluments during the year ended 31 December 2016 and the fifteen months ended 31 December 2015.

No remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2016 and the fifteen months ended 31 December 2015.

The management considers that the Directors are the senior management of the Group.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

The five highest paid individuals of the Group included one Director (fifteen months ended 31 December 2015: one), details of whose emoluments are set out above. The emoluments of the remaining four (fifteen months ended 31 December 2015: four) individuals are as follows:

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Salaries and other benefits	**4,325**	5,305
Contributions to retirement benefit schemes	**72**	90
	4,397	5,395

Their emoluments were within the following bands:

	Number of individuals	
	Year ended 31 December 2016	Fifteen months ended 31 December 2015
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	—
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**—**	1
	4	4

The emoluments paid or payable to members of senior management were within the following bands:

	Number of individuals	
	Year ended 31 December 2016	Fifteen months ended 31 December 2015
Nil – HK$1,000,000	**5**	6
HK$2,000,001 – HK$2,500,000	**1**	1
	6	7

11. INCOME TAX EXPENSE

The income tax expense for the year/period comprises:

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Current income tax – Hong Kong:		
Provision for the year/period	**–**	–
Current income tax – PRC		
Provision for the year/period	**1,010**	–
Over provision in prior years	**–**	(1,298)
	1,010	(1,298)
Withholding tax on dividend income from an associate in Taiwan	**3,298**	3,216
Deferred tax (note 21)	**(31)**	1,703
	4,277	3,621

No Hong Kong Profits Tax has been provided for the year ended 31 December 2016 as the Group had no estimated assessable profits arising in or derived from Hong Kong (fifteen months ended 31 December 2015: nil).

PRC Enterprise Income Tax has been provided on estimated assessable profits of the subsidiary operations in the PRC at 25% (fifteen months ended 31 December 2015: 25%).

Taiwan withholding tax is levied on profit distribution upon declaration of the undistributed earnings of an associate for the year ended 31 December 2016 at the rate of 20% (fifteen months ended 31 December 2015: 20%).

The income tax expense for the year/period can be reconciled to the profit/(loss) before tax in the consolidated statement of profit or loss as follows:

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Profit/(loss) before tax	**7,763**	(5,305)
Tax thereon at domestic rates applicable to profits or losses in the jurisdictions concerned	**(1,329)**	2,512
Tax effect of expenses not deductible for tax purposes	**(1,209)**	(809)
Tax effect of income not taxable for tax purposes	**3,042**	3,200
Tax effect of tax losses not recognised	**(2,341)**	(4,903)
Tax effect of share of results of an associate	**(3,267)**	(4,919)
Over provision in respect of prior years	**–**	1,298
Utilisation of tax losses previously not recognised	**827**	–
Tax charge for the year/period	**(4,277)**	(3,621)

12. DIVIDEND

The board (the "Board") of Directors does not recommend the payment of a final dividend for the year ended 31 December 2016 (fifteen months ended 31 December 2015: nil).

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the profit attributable to owners of the Company of HK$3,486,000 (fifteen months ended 31 December 2015: loss of HK$8,926,000) and the weighted average number of 1,318,279,590 (fifteen months ended 31 December 2015: 1,183,812,600) ordinary shares.

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

	Year ended 31 December 2016	Fifteen months ended 31 December 2015
Issued ordinary shares at 1 January 2016/1 October 2014	**1,331,707,590**	1,160,871,287
Effect of share options exercised (note (i))	**–**	3,130,197
Effect of conversion rights	**–**	33,239,116
Treasury shares	**(9,942,590)**	(13,428,000)
Cancellation of treasury shares	**(3,485,410)**	–
Weighted average number of ordinary shares at 31 December	**1,318,279,590**	1,183,812,600
Basic and diluted earnings/(loss) per share (HK cents) (note (ii))	**0.26**	(0.75)

Notes:

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

(ii) The basic and diluted earnings/(loss) per share are the same for the year ended 31 December 2016 and fifteen months ended 31 December 2015. For the year ended 31 December 2016, there were no potential dilutive shares outstanding. For the fifteen months ended 31 December 2015, the basic and diluted loss per share are the same as the effect of the share options outstanding and the effect of the conversion of outstanding convertible bonds were anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost						
At 1 October 2014	474	–	11,609	1,145	3,215	16,443
Additions	–	–	1,390	–	–	1,390
Transfer	(474)	474	–	–	–	–
Currency realignment	–	–	(966)	(67)	–	(1,033)
At 31 December 2015 and 1 January 2016	–	474	12,033	1,078	3,215	16,800
Additions	**–**	**–**	**1,829**	**–**	**–**	**1,829**
Disposals	**–**	**–**	**(306)**	**–**	**–**	**(306)**
Currency realignment	**–**	**–**	**(404)**	**(15)**	**–**	**(419)**
At 31 December 2016	**–**	**474**	**13,152**	**1,063**	**3,215**	**17,904**
Accumulated depreciation						
At 1 October 2014	24	–	8,607	235	3,215	12,081
Depreciation	–	118	1,283	247	–	1,648
Transfer	(24)	24	–	–	–	–
Currency realignment	–	–	(827)	(59)	–	(886)
At 31 December 2015 and 1 January 2016	–	142	9,063	423	3,215	12,843
Depreciation	**–**	**95**	**1,036**	**196**	**–**	**1,327**
Disposals	**–**	**–**	**(207)**	**–**	**–**	**(207)**
Currency realignment	**–**	**–**	**(279)**	**(12)**	**–**	**(291)**
At 31 December 2016	**–**	**237**	**9,613**	**607**	**3,215**	**13,672**
Net book value						
At 31 December 2016	**–**	**237**	**3,539**	**456**	**–**	**4,232**
At 31 December 2015	–	332	2,970	655	–	3,957

15. INTEREST IN AN ASSOCIATE

	2016 HK$'000	2015 HK$'000
Movements of interest in an associate are as follows:		
At 1 January 2016/1 October 2014	**152,383**	150,234
Gain on dilution of interest in an associate (note)	**–**	1,152
Share of profits and total comprehensive income of an associate	**16,496**	24,594
Dividend received	**(16,488)**	(16,080)
Currency realignment	**2,926**	(7,517)
At 31 December 2016/31 December 2015	**155,317**	152,383

Note:

During the fifteen months ended 31 December 2015, ordinary shares in issue of Yuji Development Corporation ("Yuji") were increased from 176,000,000 shares to 181,930,324 shares. The Group did not subscribe its proportionate share of the new ordinary shares which were issued at New Taiwan dollars ("TWD") 15 per share. Accordingly, the Group's equity interest in Yuji was diluted from 28.84% to 27.9%. As the Group's share of net asset value of Yuji immediately after the issuance of new shares was in excess of the Group's original share in net asset value of Yuji, a gain on dilution of interest in an associate of approximately HK$1,152,000 was recognised during the fifteen months ended 31 December 2015.

As at 31 December 2016, the Group had an interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Nominal value of share capital TWD	Proportion of nominal value of share capital held by the Group	Principal activities
Yuji	Limited by shares	Taiwan	Taiwan	1,819,303,240	27.9%	Provision of funeral related services

15. INTEREST IN AN ASSOCIATE *(Continued)*

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

	2016 **HK$'000**	2015 HK$'000
Non-current assets	**63,203**	35,848
Current assets	**635,855**	574,056
Total assets	**699,058**	609,904
Current liabilities	**(123,778)**	(45,400)
Non-current liabilities	**(2,836)**	(2,800)
Total liabilities	**(126,614)**	(48,200)
Non-controlling interests	**(15,751)**	(15,529)
Net assets	**556,693**	546,175
Share of an associate's net assets	**155,317**	152,383
Sales	**105,441**	151,813
Profit for the year/period	**58,442**	87,984
Other comprehensive income	**11,077**	(26,948)
Total comprehensive income	**69,519**	61,036
Share of profits and total comprehensive income of an associate (net of tax)	**16,464**	24,594

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 **HK$'000**	2015 HK$'000
Equity securities listed in overseas	**–**	77

This represents the Group's investment in the shares of CBM Asia Development Corp. (Symbol: TCF), which was a Canada listed company and being delisted during the year ended 31 December 2016. During the year ended 31 December 2016, investment in the shares of CBM Asia Development Corp. is written off and the related investment revaluation reserve of HK$209,000 was released upon written off.

17. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**13,678**	6,633
Work in progress	**4,963**	2,700
Finished goods	**5,967**	3,266
	24,608	12,599

18. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**31,122**	31,342
Less: Impairment provision	**(1,055)**	(881)
Trade receivables – net	**30,067**	30,461
Prepayments and other receivables	**5,923**	4,104
	35,990	34,565

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

	2016 HK$'000	2015 HK$'000
0 - 60 days	**18,952**	16,627
61 - 90 days	**3,502**	5,302
91 - 120 days	**6,337**	7,504
Greater than 120 days	**2,331**	1,909
	31,122	31,342

18. TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

	2016 **HK$'000**	2015 HK$'000
At 1 January 2016/1 October 2014	**881**	973
Impairment losses recognised	**456**	265
Impairment losses reversed	**(282)**	(357)
At 31 December 2016/31 December 2015	**1,055**	881

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

The ageing of trade receivables which are past due but not impaired is as follows:

	2016 **HK$'000**	2015 HK$'000
Neither past due nor impaired	**13,979**	21,563
1 - 60 days past due	**15,929**	8,858
61 - 90 days past due	**133**	32
91 - 120 days past due	**26**	8
Over 120 days past due	**–**	–
	30,067	30,461

As at 31 December 2016, trade receivables of HK$13,979,000 (2015: HK$21,563,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivables that are past due but not impaired.

19. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**27,422**	19,021
Accruals and other payables	**25,940**	17,983
	53,362	37,004

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

	2016 HK$'000	2015 HK$'000
0 - 60 days	**21,826**	12,962
61 - 90 days	**3,425**	2,099
Greater than 90 days	**2,171**	3,960
	27,422	19,021

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

20. INTEREST-BEARING BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Secured bank borrowings due within one year comprise:		
Export invoices	**641**	–

At 31 December 2016, the bank borrowings were denominated in US dollars ("USD").

The effective interest rates on the Group's floating rate borrowings range from 4.3% to 4.4% per annum.

21. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised and movements thereon during the current year and prior periods:

	2016	2015
	HK$'000	HK$'000
At 1 January 2016/1 October 2014	**1,703**	—
(Credited)/charged to profit or loss for the year/period (note 11)	**(31)**	1,703
Charged to other comprehensive income relating to an associate for the year/period	**32**	—
At 31 December 2016/31 December 2015	**1,704**	1,703

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

Deferred tax assets have not been recognised for the following:

	2016	2015
	HK$'000	HK$'000
Unused tax losses	**135,097**	125,863

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

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

As at 31 December 2016 and 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary established in the PRC. In the opinion of Directors, it is not probable that these subsidiaries will distribute their earnings accrued after 1 January 2008 in the foreseeable future. As at 31 December 2016, the unrecognised deferred tax liability that would be payable on the unremitted earnings of the Group's subsidiary amounted to approximately HK$900,000 (2015: HK$996,300).

22. SHARE CAPITAL

Ordinary shares of HK$0.10 each

	Number of shares	HK$
Authorised:		
At 31 December 2016 and 2015	1,500,000,000	150,000,000
Issued and fully paid:		
At 1 October 2014	1,160,871,287	116,087,129
Share options exercised	7,500,000	750,000
Debt conversion rights exercised (note)	163,336,303	16,333,630
At 31 December 2015 and 1 January 2016	1,331,707,590	133,170,759
Cancellation of treasury shares (note 23)	(13,428,000)	(1,342,800)
At 31 December 2016	**1,318,279,590**	**131,827,959**

Note:

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

23. RESERVES

The amounts of the Group's reserves and the movements therein for both the current year and prior period are presented in the consolidated statement of changes in equity on pages 35 and 36 of the consolidated financial statements.

Share Premium

The movement in the share premium account is as follows:

	2016 HK$'000	2015 HK$'000
At 1 January 2016/1 October 2014	**191,879**	124,948
Exercise of share options	**–**	2,182
Exercise of conversion rights (note (i))	**–**	64,749
Cancellation of treasury shares (note (ii))	**(3,625)**	–
At 31 December 2016/31 December 2015	**188,254**	191,879

Notes:

(i) On 30 September 2015, the convertible bonds were fully converted into shares of the Company of HK$0.10 each at the conversion price of HK$0.47142 per share. Accordingly, share premium of HK$64,749,000 was recognised for the fifteen months ended 31 December 2015.

(ii) There was no cash consideration received or receivable on cancellation of treasury shares.

23. RESERVES *(Continued)*

Treasury Share Reserve

During the year ended 30 September 2010, the Group obtained at nil cost 14,500,000 of its own shares of HK$0.10 with a value of HK$5,365,000. The relevant shares are available for resale and have been included in the treasury share reserve, shown as a component of capital and reserves.

All treasury shares have been cancelled by the Group during the year ended 31 December 2016 and the movement of treasury share reserve as at each reporting date is detailed as follows:

	Number of treasury shares	HK$'000
At 1 October 2014, 31 December 2015 and 1 January 2016	13,428,000	4,968
Cancellation of treasury shares	(13,428,000)	(4,968)
At 31 December 2016	**–**	**–**

Other Reserve

The other reserve represents the net gain on the disposal of the treasury shares.

Capital Reserve

The capital reserve represents the capital reserve arising on the Group reorganisation carried out in 1994.

Translation Reserve

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

Investment Revaluation Reserve

The investment revaluation reserve comprises the change in fair value of the Group's available-for-sale financial assets.

24. MAJOR NON-CASH TRANSACTION

On 30 September 2015, convertible bonds with principal amount of HK$77,000,000 were fully converted into 163,336,303 ordinary shares of the Company of HK$0.10 each at conversion price of HK$0.47142 per share.

25. CONTINGENT LIABILITIES

As at 31 December 2016 and 31 December 2015, the Group did not have any significant contingent liabilities.

26. OPERATING LEASE COMMITMENTS

As Lessee

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

	2016 **HK$'000**	2015 HK$'000
Operating leases which expire:		
Within one year	**2,606**	1,674
In the second to fifth years inclusive	**517**	1,300
	3,123	2,974

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

27. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December 2016 HK$'000	Fifteen months ended 31 December 2015 HK$'000
Basic salaries and allowances, bonuses and benefits in kind	**3,042**	3,749
Mandatory provident fund contributions	**18**	23
	3,060	3,772

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

28. CAPITAL MANAGEMENT POLICIES AND RISK

The Group's objectives are: to provide returns for 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 shareholders and issue new shares to reduce its debt level.

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

The gearing ratio at the end of reporting period was as follows:

	2016 **HK$'000**	2015 HK$'000
Total net debt	**–**	–
Total capital	**470,046**	463,956
Gearing ratio	**N/A**	N/A

29. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group is exposed to a variety of financial risks: including foreign currency risk, interest rate 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 Board. The Group does not have written risk management policies. However, the Board meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks.

29. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

The Group's financial assets are primarily denominated in HK$, Renminbi ("RMB"), USD and Australian dollars ("AUD"). The currencies to which the Group had significant exposure on its monetary financial assets and liabilities included RMB, USD and AUD. At 31 December 2016 and 2015, in view of the fact that the HK$ is pegged to the USD, the Company's exposure to USD is considered to be minimal. The net exposure expressed in HK$ is as follows:

	Assets	
	2016	2015
	HK$'000	HK$'000
RMB	**10,565**	70,081
AUD	**2,329**	2,332

The following table indicates the approximate change in the Group's profit for the year ended 31 December 2016 and loss for the fifteen months ended 31 December 2015 in response to reasonably possible change in foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit (2015: decrease in loss) where the relevant currencies strengthen 5% against the HK$. For a 5% weakening of the relevant currencies against the HK$, there would be an equal and opposite impact on the profit (2015: loss) and the balances below would be negative.

	2016		2015	
	Increase in exchange rate %	**Effect on profit for the year HK$'000**	Increase in exchange rate %	Effect on loss for the year HK$'000
RMB	**5**	**528**	5	3,504
AUD	**5**	**116**	5	117

29. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group has a credit 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 31 December 2016, trade receivables of HK$29,125,000 (31 December 2015: HK$30,260,000) were contributed by the top five customers. In order to minimise any credit risk, the management of the Group has delegated a team to be 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 loss are made for irrecoverable amounts. 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.

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.

2016

	Within one year or on demand HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities:			
Trade payables	**27,422**	**27,422**	**27,422**
Accruals and other payables	**25,940**	**25,940**	**25,940**
Interest-bearing bank borrowings	**641**	**641**	**641**
	54,003	**54,003**	**54,003**

29. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

2015

	Within one year or on demand HK$'000	Total undiscounted amount HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities:			
Trade payables	19,021	19,021	19,021
Accruals and other payables	17,983	17,983	17,983
	37,004	37,004	37,004

Summary of financial assets and liabilities by category

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

Financial assets:

	2016 HK$'000	2015 HK$'000
Loan and receivables:		
Cash and cash equivalents	**313,616**	306,669
Trade and other receivables	**35,053**	33,486
Available-for-sale financial assets	**–**	77
	348,669	340,232

Financial liabilities:

	2016 HK$'000	2015 HK$'000
Financial liabilities measured at amortised cost:		
Trade and other payables	**53,362**	37,004
Interest-bearing bank borrowings	**641**	–
	54,003	37,004

29. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities that are measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	2016				2015			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Assets:								
Available-for-sale financial assets								
– Listed equity investments	**–**	**–**	**–**	**–**	77	–	–	77

30. EVENT AFTER THE END OF THE REPORTING PERIOD

On 13 February 2017, the Group, being the purchaser, entered into a non-legally binding memorandum of understanding with an independent third party, being the vendor, to purchase the entire issued share capital of a company which entered into a sales and purchase agreement with the owner who holds the legal and beneficial ownership of a 16-storey serviced industrial building located at nos. 13-15 Wing Kei Road and nos. 20-22 Wing Lap Street, Kwai Chung, New Territories, Hong Kong. Details please refer to the Company's announcement dated 13 February 2017.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**683**	964
Interest in an associate		**21,440**	21,440
Available-for-sale financial assets		**–**	77
		22,123	22,481
CURRENT ASSETS			
Trade and other receivables		**1,052**	1,076
Amounts due from subsidiaries		**330,405**	333,901
Cash and bank balances		**17,144**	29,814
		348,601	364,791
CURRENT LIABILITIES			
Accruals and other payables		**13,473**	10,187
NET CURRENT ASSETS		**335,128**	354,604
NET ASSETS		**357,251**	377,085
CAPITAL AND RESERVES			
Share capital	22	**131,828**	133,171
Reserves		**225,423**	243,914
TOTAL EQUITY		**357,251**	377,085

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 27 March 2017 and are signed on its behalf by:

YEUNG SO LAI
DIRECTOR

LEE CHI SHING CAESAR
DIRECTOR

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Reserve movement of the Company

	Share premium HK$'000	Share option reserve HK$'000	Treasury share reserve HK$'000	Other reserve HK$'000	Convertible bonds equity reserve HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000
At 1 October 2014	124,948	543	–	725	4,349	1,442	(49)	70,911	2,137	205,006
Exercise of share options	2,182	(584)	–	–	–	–	–	–	–	1,598
Exercise of conversion rights	64,749	–	–	–	(4,349)	–	–	–	–	60,400
Share-based compensation expenses	–	41	–	–	–	–	–	–	–	41
Transactions with owners	66,931	(543)	–	–	(4,349)	–	–	–	–	62,039
Loss for the period	–	–	–	–	–	–	–	–	(22,971)	(22,971)
Other comprehensive income:										
Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	(160)	–	–	(160)
Total comprehensive income for the period	–	–	–	–	–	–	(160)	–	(22,971)	(23,131)
At 31 December 2015	191,879	–	–	725	–	1,442	(209)	70,911	(20,834)	243,914
Repurchase of treasury shares	**-**	**-**	**(4,968)**	**(671)**	**-**	**-**	**-**	**-**	**-**	**(5,639)**
Cancellation of treasury shares	**(3,625)**	**-**	**4,968**	**-**	**-**	**-**	**-**	**-**	**-**	**1,343**
Transactions with owners	**(3,625)**	**-**	**-**	**(671)**	**-**	**-**	**-**	**-**	**-**	**(4,296)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,404)**	**(14,404)**
Other comprehensive income:										
Investment revaluation reserve written off	**-**	**-**	**-**	**-**	**-**	**-**	**209**	**-**	**-**	**209**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**209**	**-**	**(14,404)**	**(14,195)**
At 31 December 2016	**188,254**	**-**	**-**	**54**	**-**	**1,442**	**-**	**70,911**	**(35,238)**	**225,423**

Note:

The contributed surplus represents the difference between the book values of the underlying assets of the Company's former subsidiaries, Pantronics Holdings Limited and its subsidiaries, at the date on which the shares of these companies were acquired, and the nominal amount of the share capital issued by the Company under a Group reorganisation in 1994.

In addition to retained profits, under the Companies Act 1981 of Bermuda, the contributed surplus account of a company is also available for distribution. However, the Company cannot pay or declare a dividend, or make a distribution out of contributed surplus if: it is, or would after the payment be, unable to pay its liabilities as they become due; or the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

32. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Alford Industries Limited	Hong Kong/ Hong Kong	Ordinary HK$2,000,000	–	100%	Design and distribution of consumer electronic products
Foshan Shunde Alford Electronics Co. Ltd	PRC*/PRC	Registered capital HK$22,074,000	–	100%	Manufacture and design of consumer electronic products
Rise Up International Limited	British Virgin Islands/Hong Kong	Ordinary US$1	100%	–	Investment holding

* Established in the PRC as a wholly-owned foreign enterprise.

The above list includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year/period 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 Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31 December 2016 or at any time during the year (fifteen months ended 31 December 2015: nil).

FINANCIAL SUMMARY

RESULTS

	Years ended 30 September 2012 HK$'000	2013 HK$'000	2014 HK$'000	Fifteen months ended 31 December 2015 HK$'000	**Year ended 31 December 2016 HK$'000**
Continuing operations					
Revenue	1,468,610	226,282	286,249	167,625	**141,267**
Cost of sales	(1,030,994)	(195,072)	(244,786)	(155,467)	**(122,268)**
Gross profit	437,616	31,210	41,463	12,158	**18,999**
Other income	16,150	838	61,120	5,259	**3,309**
Selling and distribution costs	(223,534)	(9,936)	(12,106)	(4,694)	**(4,045)**
Administrative costs	(144,058)	(25,149)	(37,754)	(40,099)	**(26,824)**
Restructuring costs	(3,284)	—	—	—	**–**
Finance costs	(3,921)	(625)	(814)	(3,675)	**(9)**
Share of results of an associate	4,452	—	9,583	24,594	**16,333**
Gain on dilution of interest in an associate	—	—	—	1,152	**–**
Cash flow hedge recycled from other comprehensive income	1,361	—	—	—	**–**
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	600	—	—	—	**–**
Profit/(loss) before tax from continuing operations	85,382	(3,662)	61,492	(5,305)	**7,763**
Income tax expense	(24,808)	(2,529)	(11,581)	(3,621)	**(4,277)**
Profit/(loss) for the year/period	60,574	(6,191)	49,911	(8,926)	**3,486**
Net results from discontinued operations	—	59,567	(228,670)	—	**–**
Profit/(loss) for the year/period	60,574	53,376	(178,759)	(8,926)	**3,486**
Attributable to owners of the Company	60,574	53,376	(178,759)	(8,926)	**3,486**
Dividends paid	4,887	14,777	—	—	**–**

	Years ended 30 September			Fifteen months ended 31 December	**Year ended 31 December**
	2012	2013	2014	2015	**2016**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Earnings/(losses) per share from continuing and discontinued operations					
Basic	6.20	5.42	(16.78)	(0.75)	**0.26**
Diluted	6.18	5.42	(16.31)	(0.75)	**0.26**
Earnings/(losses) per share from continuing operations					
Basic	6.20	(0.63)	4.69	(0.75)	**0.26**
Diluted	6.18	(0.63)	4.60	(0.75)	**0.26**

ASSETS AND LIABILITIES

	At 30 September			At 31 December	**At 31 December**
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	977,516	1,008,923	556,636	510,250	**533,763**
Total liabilities	(574,716)	(534,356)	(154,327)	(46,294)	**63,717**
Equity attributable to owners of the Company	402,800	474,567	402,309	463,956	**470,046**