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**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**CHAIRMAN'S STATEMENT**

**TO OUR SHAREHOLDERS,**

In a year of considerable economic uncertainty and volatile raw material prices, United Pacific Industries Limited (“UPI”) delivered a solid financial performance. Our Company achieved growth in both top-line sales and net income while, at the same time, improving our financial health and cash position.

Turning attention to the overall numbers, our fiscal 2011 sales were HK\$1.28 billion, an increase of 11% over last year, and post tax profits were HK\$33.8 million, an improvement of 25%. Most important to shareholders is our earnings per share of HK3.4 cents, an improvement of 24% over last year's results. All of these figures are, of course, presented on a continuing operations basis, after removing the results of Jade Precision Engineering Pte. Ltd., which was sold during the year.

We mentioned in our Interim Report that cash generation and balance sheet improvement have been a high priority at UPI, and that this policy has brought us to a very financially healthy net cash position. I am personally delighted that this net cash position has continued to improve in the second half of our fiscal year, to the extent that at 30 September 2011 it was HK\$35.5 million. Our improved financial strength gives us two very important advantages: first, we will be able to weather a significant economic downturn if the world economy deteriorates further, and second, we will be able to act upon reasonable opportunities which may arise.

This thought leads into a discussion of what management believes is the best strategy for us during this uncertain future. We are highly confident that we will achieve optimum success by focusing on organic growth, developing new and better products while, at the same time, implementing cost containment programs. We will also place a large emphasis on geographic expansion. UPI has moved a substantial amount of its manufacturing and production to China. We will continue to expand our Asian presence and will pursue Asian markets as this area of the world continues its stellar growth. However, we are also open to new areas, and if an opportunity to take UPI to a new level presents itself, it will be seriously considered.

## **PROSPECTS**

It is early in our fiscal 2012. In the first two months, we are experiencing improved operating results but at a level below what we would like. What will happen this year will depend heavily on the world economy, particularly that in the western countries. Unfortunately, the outlook is not good, at least at the moment. The European Union has neither addressed its problems nor grasped any reasonable solution. At this point, it appears all but inevitable that Europe will slip backward into recession. In America, politicians are so polarized that little or nothing is being accomplished. Elections in America are eleven months away so we see little of substance happening during this period. However, unlike Europe, America is slowly improving and growth is taking place.

Against this uneasy backdrop we must make our best estimate as to what we think we can achieve for UPI's shareholders this year. Put simply, we are cautiously optimistic and believe that, barring some unforeseen catastrophic economic or other event, we will achieve growth in earnings and earnings per share this year.

In closing, I would like to thank all who contributed to our Company during 2011: our customers, suppliers, financiers, our Board of Directors and our employees. As I have said in the past, it takes many people for any company to succeed in the long run. In this connection, we are very appreciative of the efforts of all our constituents and the support of our shareholders.

**DAVID H CLARKE**

*Chairman*

Hong Kong, 13 December 2011

## FINANCIAL HIGHLIGHTS

- Sale of loss-making leadframes business concluded in the period for HK\$48.2 million in cash. The results of this business shown as a discontinued operation in the current and prior year.
- Revenue from continuing operations increased by 11% to HK\$1,277.0 million.
- Operating profit from continuing operations (i.e. result before restructuring costs, net finance costs, one-time pension credits, other non-operating items and taxation) of HK\$54.9 million, an improvement of HK\$2.1 million (4%) compared to an operating profit of HK\$52.8 million in the prior year.
- Restructuring costs of HK\$11.1 million (2010 — HK\$21.0 million) principally relating to continuing costs in respect of the relocation of the Group's UK hacksaw blade manufacturing plant to the PRC.
- Profit before tax from continuing operations of HK\$51.2 million, compared to HK\$39.9 million last year, an increase of 28%.
- Profit after tax from continuing operations of HK\$33.8 million, compared to HK\$27.0 million last year, an increase of 25%.
- Profit from continuing and discontinued operations of HK\$37.7 million (2010 — loss of HK\$3.6 million).
- Zero gearing at 30 September 2011 with net cash of HK\$35.5 million (30 September 2010 net borrowings in continuing operations of HK\$15.5 million).
- Net asset value of HK\$418.6 million, an increase of HK\$67.0 million compared to 30 September 2010 driven by increased profitability and reductions in the UK pension liability.
- Basic earnings per share from continuing operations of 3.405 HK cents (2010 — 2.75 HK cents) and basic earnings per share from combined continuing and discontinued operations of 3.806 HK cents (2010 — loss of 0.36 HK cents).

## RESULTS

The Board of Directors (“the Board”) of United Pacific Industries Limited (“United Pacific Industries”, “UPI” or the “Company”) is pleased to announce the consolidated results of UPI and its subsidiaries (the “Group”) for the year ended 30 September 2011 as set out below compared with the audited consolidated results for the year ended 30 September 2010.

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 HK\$'000	2010 HK\$'000
<b>Continuing operations</b>			
Revenue	3	1,276,962	1,145,529
Cost of sales		<u>(906,164)</u>	<u>(807,472)</u>
Gross profit		370,798	338,057
Other income		19,496	24,578
Selling and distribution costs		(219,036)	(191,733)
Administrative costs		(104,081)	(100,704)
Restructuring costs		(11,135)	(21,047)
Other non-operating costs		—	(2,015)
Finance costs		(5,573)	(6,915)
Share of results of an associate		2,848	1,959
Costs on acquisition of a subsidiary		—	(772)
Cash flow hedge recycled from other comprehensive income		<u>(2,076)</u>	<u>(1,502)</u>
Profit before tax	4	51,241	39,906
Income tax charge	5	<u>(17,471)</u>	<u>(12,877)</u>
Profit for the year from continuing operations		33,770	27,029
<b>Discontinued operation</b>			
Net result from discontinued operation	10	<u>3,979</u>	<u>(30,608)</u>
<b>Profit/(loss) for the year</b>		<u><b>37,749</b></u>	<u><b>(3,579)</b></u>
Attributable to:			
Owners of the Company:			
Continuing operations		33,770	27,029
Discontinued operation		<u>3,979</u>	<u>(30,608)</u>
		<u><b>37,749</b></u>	<u><b>(3,579)</b></u>

	Note	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<b>Earnings/(loss) per share from continuing and discontinued operations</b>			
Basic	7	<u><b>3.806 cents</b></u>	<u>(0.36 cents)</u>
Diluted		<u><b>3.794 cents</b></u>	<u>N/A</u>
<b>Earnings per share from continuing operations</b>			
Basic	7	<u><b>3.405 cents</b></u>	<u>2.75 cents</u>
Diluted		<u><b>3.394 cents</b></u>	<u>2.74 cents</u>
<b>Earnings/(loss) per share from discontinued operation</b>			
Basic	7	<u><b>0.401 cents</b></u>	<u>(3.11 cents)</u>
Diluted		<u><b>0.400 cents</b></u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2011**

	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<b>37,749</b>	(3,579)
<b>Other comprehensive income/(loss)</b>		
Exchange differences arising on the translation of foreign operations	<b>1,852</b>	7,806
Realised exchange differences on the sale of a disposal group recycled to the income statement	<b>(1,194)</b>	—
Cash flow hedge gain/(loss) recognised in equity	<b>1,361</b>	(2,076)
Cash flow hedge recycled to the income statement	<b>2,076</b>	1,502
Recognition of actuarial gains/(losses) on defined benefit pension plan (net of tax)	<u><b>25,088</b></u>	<u>(13,221)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u><b>29,183</b></u>	<u>(5,989)</u>
<b>Total comprehensive income/(loss) for the year attributable to the owners of the Company</b>	<u><b>66,932</b></u>	<u>(9,568)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2011**

	Note	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		186,012	178,717
Prepaid land lease payments under operating leases		529	581
Goodwill		2,345	2,357
Other intangible assets		559	1,074
Interest in an associate		5,504	4,922
Available-for-sale financial assets		705	879
Deferred tax assets		<u>52,434</u>	<u>75,241</u>
		<b><u>248,088</u></b>	<b><u>263,771</u></b>
Current assets			
Inventories		274,209	255,894
Trade and other receivables	8	250,975	255,834
Tax recoverable		1,239	1,246
Derivative financial instruments		1,932	637
Pledged bank deposits		5,000	5,000
Cash and cash equivalents		<u>137,038</u>	<u>114,029</u>
		<b>670,393</b>	632,640
Assets classified as held for sale		<u>—</u>	<u>84,476</u>
		<b><u>670,393</u></b>	<b><u>717,116</u></b>
Current liabilities			
Trade and other payables	9	242,492	227,877
Interest-bearing bank borrowings - amounts due within one year		79,885	101,256
Obligations under finance leases - amounts due within one year		6,392	4,753
Provisions		2,102	22,056
Derivative financial instruments		117	3,359
Tax payable		<u>3,260</u>	<u>5,908</u>
		<b>334,248</b>	365,209
Liabilities classified as held for sale		<u>—</u>	<u>38,023</u>
		<b><u>334,248</u></b>	<b><u>403,232</u></b>

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Net current assets	<u><b>336,145</b></u>	<u>313,884</u>
Total assets less current liabilities	<u><b>584,233</b></u>	<u>577,655</u>
Non-current liabilities		
Interest-bearing bank borrowings - amounts due after one year	<b>11,671</b>	24,014
Obligations under finance leases - amounts due after one year	<b>8,623</b>	4,534
Provisions	—	1,698
Retirement benefit obligations	<b>132,220</b>	179,304
Deferred tax liabilities	<u><b>13,148</b></u>	<u>16,466</u>
	<u><b>165,662</b></u>	<u>226,016</u>
Net assets	<u><b>418,571</b></u>	<u>351,639</u>
Capital and reserves		
Share capital	<b>99,185</b>	99,185
Reserves	<u><b>319,386</b></u>	<u>252,454</u>
Total equity attributable to owners of the Company	<u><b>418,571</b></u>	<u>351,639</u>

## NOTES

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as “the Group”) made up to 30 September each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities.

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

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

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

For business combinations the acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the consolidated income statement as incurred.

At the acquisition date, the acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised) are recognised at their fair values, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; liabilities or equity instruments related to the replacement by the Group of an acquiree’s share-based payment awards are measured in accordance with HKFRS 2 Share-based Payment; and assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Non-current Operations are measured in accordance with that Standard. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 October 2010.

HKAS 17 (Amendment)	Leases
HKAS 32 (Amendments)	Financial Instruments: Presentation — Classification of Rights Issues
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRSs (Amendments)	Improvements to HKFRSs 2010

### **HKAS 17 (Amendment) — Leases**

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

Prior to the amendment, land interest for which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 October 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

The Group has concluded that the adoption of the new and revised HKFRSs, to the extent that they are relevant to the Group and which are expected to be reflected in the annual financial statements for the year ended 30 September 2011, have had no significant impact on the Group's results of operations and financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs in 2010 in relation to amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC) — Int 13 <sup>(1)</sup>
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>(2)</sup>
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets <sup>(2)</sup>
HKFRS 9	Financial Instruments <sup>(5)</sup>
HKFRS 10	Consolidated Financial Statements <sup>(5)</sup>
HKFRS 11	Joint Arrangements <sup>(5)</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>(5)</sup>
HKFRS 13	Fair Value Measurement <sup>(5)</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>(4)</sup>
HKAS 12 (Amendments)	Deferred Tax-Recovery of Underlying Assets <sup>(3)</sup>
HKAS 19 (2011)	Employee Benefits <sup>(5)</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>(1)</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>(5)</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>(5)</sup>
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>(1)</sup>
HK (IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>(5)</sup>

*Notes:*

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2011
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2011
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2012
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2012
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

**HKFRS 7 (Amendments) — Disclosures**

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

## **HKFRS 9 — Financial Instruments**

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that 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.

## **HKFRS 10 — Consolidated Financial Statements**

HKFRS 10 replaces all of the guidance on control and consolidation in HKAS 27, “Consolidated and Separate Financial Statements”, and HK(SIC) - Int 12, “Consolidation — Special Purpose Entities”. HKAS 27 is renamed as “Separate Financial Statements”, and it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged. The revised definition of control under HKFRS 10 focuses on the need to have both power and variable returns before control is present. HKFRS 10 includes guidance on “de facto” control, participating rights and agent/principal relationships.

## **HKAS 1 (Amendments) — Presentation of Items of Other Comprehensive Income**

The amendments change the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to “Statement of profit or loss and other comprehensive income”. However, HKAS 1 still permits entities to use other titles.

## **HKAS 19 (2011) — Employee Benefits**

The revised standard makes significant changes to the recognition and measurement of defined benefit expense and termination benefits, and to the disclosures for all employee benefits. Some of the key changes are on the recognition of actuarial gains and losses, past-service costs, annual expense for a funded benefit plan, taxes related to benefit plans and future-service obligation.

## **HKAS 24 (Revised) — Related Party Disclosures**

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

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

The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs, except for the adoption of HKAS 19 (2011) — Employee Benefits, is unlikely to have a significant impact on the Group's results and financial position.

As noted above, HKAS 19 (2011) — Employee Benefits is likely to have a material impact on the recognition and measurement of defined benefit expense and termination benefits. However, these changes will not affect the financial statements until the year ending 30 September 2014, unless the Group's Directors elect to adopt the standard earlier.

### **3. REVENUE AND SEGMENT INFORMATION**

The Group's segmental information is based on regular internal financial information reported to the Group's Executive Directors for their decisions about resources allocation to the Group's business components and their review of these components' performance.

The Group's principal segments for internal reporting purposes are: the contract manufacturing, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); and the manufacturing, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"), magnetic tools and products including the provision of magnetic-based industrial solutions ("Magnetics") and metrology or measurement tools ("Metrology"); and electronic consumer products ("Consumer Electronics"). These five business segments are the basis upon which the Group reports its primary segment information. During the year ended 30 September 2010, the operations of Jade Precision Engineering Pte. Ltd., which comprised the manufacturing and distribution of stamped, etched and plated leadframes for the semi-conductor industry ("Leadframes"), were re-classified as discontinued and were subsequently sold in February 2011.

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

## Operating segments

	Continuing operations					Discontinued operation	Total HK\$'000	
	Contract Manufacturing HK\$'000	Tools HK\$'000	Metrology HK\$'000	Magnetics HK\$'000	Consumer Electronics HK\$'000	Sub-total HK\$'000		Lead- frames HK\$'000
<b>For the year ended 30 September 2011</b>								
<b>Revenue</b>								
External customers	332,792	586,971	159,990	117,604	79,605	1,276,962	51,548	1,328,510
Inter-segment sales	—	2,064	4,587	1,137	—	7,788	—	7,788
	<u>332,792</u>	<u>589,035</u>	<u>164,577</u>	<u>118,741</u>	<u>79,605</u>	<u>1,284,750</u>	<u>51,548</u>	<u>1,336,298</u>
<b>Profit/(loss) before tax</b>								
Segment profit/(loss)	21,845	16,803	21,987	20,307	(19,186)	61,756	(6,491)	55,265
Restructuring (costs)/credits	(54)	(10,580)	(925)	135	—	(11,424)	—	(11,424)
Share of results of an associate	—	—	—	2,848	—	2,848	—	2,848
Net finance costs	(1,444)	1,940	(138)	(38)	(1)	319	(770)	(451)
	<u>20,347</u>	<u>8,163</u>	<u>20,924</u>	<u>23,252</u>	<u>(19,187)</u>	<u>53,499</u>	<u>(7,261)</u>	<u>46,238</u>
<b>Assets</b>								
Segment assets	<u>160,670</u>	<u>416,068</u>	<u>154,555</u>	<u>114,734</u>	<u>76,097</u>	<u>922,124</u>	<u>—</u>	<u>922,124</u>
<b>Liabilities</b>								
Segment liabilities	<u>102,282</u>	<u>382,323</u>	<u>59,166</u>	<u>58,910</u>	<u>34,656</u>	<u>637,337</u>	<u>—</u>	<u>637,337</u>
<b>Other information</b>								
Additions of property, plant and equipment	776	14,936	5,973	2,028	1,237	24,950	1,856	26,806
Depreciation of property, plant and equipment	4,871	3,398	1,783	54	2,035	12,141	1,524	13,665
Amortisation of other intangible assets	—	—	375	157	—	532	—	532
Amortisation of prepaid land lease payments under operating leases	52	—	—	—	—	52	—	52
Impairment loss/(reversal of impairment loss) on trade receivables	567	3,358	(150)	38	1,662	5,475	—	5,475
Impairment loss/(reversal of impairment loss) on inventories	<u>1,141</u>	<u>(687)</u>	<u>(325)</u>	<u>(362)</u>	<u>4,739</u>	<u>4,506</u>	<u>—</u>	<u>4,506</u>

Inter-segment sales are charged at prevailing market rates.

	Continuing operations					Discontinued operation		Total HK\$'000
	Contract Manufacturing HK\$'000	Tools HK\$'000	Metrology HK\$'000	Magnetics HK\$'000	Consume Electronics HK\$'000	Sub-total HK\$'000	Lead- frames HK\$'000	
<b>For the year ended 30 September 2010</b>								
<b>Revenue</b>								
External customers	261,313	562,111	114,197	90,790	117,118	1,145,529	130,461	1,275,990
Inter-segment sales	354	3,161	3,179	868	—	7,562	—	7,562
	<u>261,667</u>	<u>565,272</u>	<u>117,376</u>	<u>91,658</u>	<u>117,118</u>	<u>1,153,091</u>	<u>130,461</u>	<u>1,283,552</u>
<b>Profit/(loss) before tax</b>								
Segment profit/(loss)	16,211	24,837	9,498	12,170	(758)	61,958	(3,508)	58,450
Restructuring costs	(448)	(17,291)	—	—	—	(17,739)	—	(17,739)
Other non-operating costs	—	—	—	(2,015)	—	(2,015)	—	(2,015)
Share of results of an associate	—	—	—	1,959	—	1,959	—	1,959
Net finance costs	(2,266)	1,264	(207)	—	94	(1,115)	(1,695)	(2,810)
	<u>13,497</u>	<u>8,810</u>	<u>9,291</u>	<u>12,114</u>	<u>(664)</u>	<u>43,048</u>	<u>(5,203)</u>	<u>37,845</u>
<b>Assets</b>								
Segment assets	<u>119,429</u>	<u>396,479</u>	<u>133,287</u>	<u>109,583</u>	<u>100,337</u>	<u>859,115</u>	<u>110,824</u>	<u>969,939</u>
<b>Liabilities</b>								
Segment liabilities	<u>83,556</u>	<u>343,220</u>	<u>56,226</u>	<u>70,576</u>	<u>41,743</u>	<u>595,321</u>	<u>59,402</u>	<u>654,723</u>
<b>Other information</b>								
Additions of property, plant and equipment	—	773	264	181	954	2,172	1,519	3,691
Depreciation of property, plant and equipment	6,494	3,121	1,919	201	1,547	13,282	2,778	16,060
Amortisation of other intangible assets	—	—	359	156	—	515	—	515
Amortisation of prepaid land lease payments under operating leases	17	—	—	—	—	17	—	17
Impairment loss/(reversal of impairment loss) on trade receivables	365	(1,082)	(189)	—	(546)	(1,452)	(145)	(1,597)
Impairment loss/(reversal of impairment loss) on inventories	<u>1,753</u>	<u>992</u>	<u>1,089</u>	<u>(1,135)</u>	<u>3</u>	<u>2,702</u>	<u>736</u>	<u>3,438</u>

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Reportable segment revenues	<b>1,336,298</b>	1,283,552
Discontinued operation	<b>(51,548)</b>	(130,461)
Elimination of inter-segment revenues	<b><u>(7,788)</u></b>	<u>(7,562)</u>
Total revenue	<b><u>1,276,962</u></b>	<u>1,145,529</u>
	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Reportable segment profit	<b>46,238</b>	37,845
Segment loss from discontinued operation	<b>7,261</b>	5,203
Inter-company transactions with discontinued operation	<b>76</b>	(943)
Cash flow hedge recycled from other comprehensive income	<b>(2,076)</b>	(1,502)
Costs on acquisition of a subsidiary	<b>—</b>	(772)
Unallocated corporate restructuring credits/(costs)	<b>289</b>	(3,308)
Unallocated corporate net finance credits	<b>6,090</b>	761
Unallocated corporate (costs)/income	<b><u>(6,637)</u></b>	<u>2,622</u>
Profit from continuing operations before income tax	<b><u>51,241</u></b>	<u>39,906</u>
	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Reportable segment assets	<b>922,124</b>	969,939
Segment assets of discontinued operation	<b>—</b>	(110,824)
Assets classified as held for sale	<b>—</b>	84,476
Deferred tax assets	<b>52,434</b>	75,241
Goodwill	<b>2,345</b>	2,357
Other intangible assets	<b>559</b>	1,074
Interest in an associate	<b>5,504</b>	4,922
Available-for-sale financial assets	<b>705</b>	879
Consolidation and Group assets	<b><u>(65,190)</u></b>	<u>(47,177)</u>
Total assets	<b><u>918,481</u></b>	<u>980,887</u>

	<b>2011</b>	2010
	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment liabilities	<b>637,337</b>	654,723
Segment liabilities of discontinued operation	—	(59,402)
Liabilities classified as held for sale	—	38,023
Deferred tax liabilities	<b>13,148</b>	16,466
Consolidation and Group liabilities	<b>(150,575)</b>	<u>(20,562)</u>
Total liabilities	<b><u>499,910</u></b>	<u>629,248</u>

### Geographical information

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

### Revenue by geographical market

	<b>Continuing operations</b>		<b>Discontinued operation</b>		<b>Total</b>	
	<b>2011</b>	2010	<b>2011</b>	2010	<b>2011</b>	2010
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
The People's Republic of China (the "PRC")						
Mainland China	<b>40,777</b>	25,320	<b>377</b>	—	<b>41,154</b>	25,320
Hong Kong (place of domicile)	<b>38,017</b>	<u>32,284</u>	<b>1,055</b>	<u>—</u>	<b>39,072</b>	<u>32,284</u>
	<b>78,794</b>	57,604	<b>1,432</b>	—	<b>80,226</b>	57,604
United States of America	<b>263,246</b>	260,112	<b>380</b>	—	<b>263,626</b>	260,112
UK	<b>300,173</b>	253,194	—	—	<b>300,173</b>	253,194
France	<b>108,027</b>	97,411	—	—	<b>108,027</b>	97,411
Australia	<b>230,246</b>	188,455	—	—	<b>230,246</b>	188,455
Others	<b>296,476</b>	<u>288,753</u>	<b>49,736</b>	<u>130,461</u>	<b>346,212</b>	<u>419,214</u>
	<b><u>1,276,962</u></b>	<u>1,145,529</u>	<b><u>51,548</u></b>	<u>130,461</u>	<b><u>1,328,510</u></b>	<u>1,275,990</u>

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

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and financial assets) analysed by the geographical areas in which the assets are located:

Carrying value of non-current assets:

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
UK	<b>129,559</b>	132,493
Mainland China	<b>41,890</b>	28,822
France	<b>17,644</b>	17,586
Hong Kong	<b>448</b>	6,691
Others	<b><u>5,408</u></b>	<u>2,059</u>
	<b><u>194,949</u></b>	<u>187,651</u>

#### 4. PROFIT BEFORE TAX

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

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of lease payments under operating leases	52	17	—	—	52	17
Auditors' remuneration	4,344	5,675	120	170	4,464	5,845
Exchange losses	2,686	3,864	456	1,202	3,142	5,066
Depreciation of property, plant and equipment	20,790	20,930	1,524	2,778	22,314	23,708
Amortisation of other intangible assets	532	515	—	—	532	515
Impairment loss/(reversal of impairment loss) on trade receivables	5,475	(1,452)	—	(145)	5,475	(1,597)
Impairment loss/(reversal of impairment loss) on inventories	4,506	2,702	—	736	4,506	3,438
Minimum lease payments in respect of rented premises	13,910	11,792	294	552	14,204	12,344
Cost of inventories recognised as expenses	906,164	807,472	53,948	126,222	960,112	933,694
Loss/(gain) on disposal of property, plant and equipment	62	128	—	(367)	62	(239)
Cash flow hedge recycled from other comprehensive income	2,076	1,502	—	—	2,076	1,502
Restructuring costs	11,135	21,047	—	—	11,135	21,047
Assets of disposal group classified as held for sale - loss on remeasurement to fair value less costs to sell	—	—	—	(26,348)	—	(26,348)

## 5. INCOME TAX CHARGE

The income tax charge for the year comprises:

	Continuing operations		Discontinued operation		Total	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax						
- Hong Kong:						
Provision for the year	—	575	—	—	—	575
Over-provision in respect of prior years	<u>(680)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(680)</u>	<u>—</u>
	<u>(680)</u>	<u>575</u>	<u>—</u>	<u>—</u>	<u>(680)</u>	<u>575</u>
Current income tax						
- Overseas:						
Provision for the year:						
Australia	3,645	1,924	—	—	3,645	1,924
Mainland China	490	287	—	—	490	287
Canada	1,323	322	—	—	1,323	322
United States	155	—	—	—	155	—
France	761	811	—	—	761	811
New Zealand	374	328	—	—	374	328
	<u>6,748</u>	<u>3,672</u>	<u>—</u>	<u>—</u>	<u>6,748</u>	<u>3,672</u>
Deferred tax	<u>11,403</u>	<u>8,630</u>	<u>—</u>	<u>—</u>	<u>11,403</u>	<u>8,630</u>
	<u><u>17,471</u></u>	<u><u>12,877</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>17,471</u></u>	<u><u>12,877</u></u>

- (a) Hong Kong profits tax is calculated at 16.5% (2010 — 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

- (b) The income tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax:		
Continuing operations	<b>51,241</b>	39,906
Discontinued operation	<u><b>3,979</b></u>	<u>(30,608)</u>
	<u><b>55,220</b></u>	<u>9,298</u>
Tax at domestic rates applicable to profits or losses in the jurisdictions concerned	<b>(15,115)</b>	(6,544)
Tax effect of expenses not deductible for tax purposes	<b>(12,254)</b>	(6,277)
Tax effect of income not taxable for tax purposes	<b>1,638</b>	1,540
Tax effect of losses not recognised	<b>(4,755)</b>	(6,197)
Utilisation of tax losses previously not recognised	<b>14,988</b>	6,866
Effect of prior year adjustments	<b>1,449</b>	(940)
Decrease in recoverable amount of UK deferred tax asset (note c)	<b>(2,983)</b>	(2,875)
Others	<u><b>(439)</b></u>	<u>1,550</u>
Tax charge for the year	<u><b>(17,471)</b></u>	<u>(12,877)</u>

- (c) The majority of the Group's deferred tax assets relate to temporary differences originating in its UK subsidiaries. Such deferred tax balances have been provided at 25% (2010 — 27%). Legislation formally enacted during the year has had the effect of reducing the effective tax rate from 27% to 25% from April 2012. Included in the HK\$11,403,000 deferred charge for the year is a charge of HK\$2,983,000 to reflect this change in tax rates (2010 — HK\$2,875,000).
- (d) On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax ("the New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Corporate Regulations of the New Law. Pursuant to the New Law and Implementation Regulations the corporate income tax rate for domestic and foreign invested enterprises will be unified at 25% from 1 January 2008. There will be a transitional period for the PRC's subsidiaries that are currently entitled to preferential tax treatments granted by the relevant tax authorities. The PRC subsidiaries currently subject to a corporate income tax rate lower than 25% will continue to enjoy the lower tax rate and will be gradually transitioned to the new unified rate of 25% within five years after 1 January 2008.

## 6. DIVIDENDS

Dividend declared and paid during the year:

	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Final dividend relating to the year to 30 September 2009 declared and paid of 0.5 HK cent per ordinary share	<u>—</u>	<u>4,924</u>

At a Board Meeting held on 6 January 2010, the Directors recommended the payment of a final dividend of HK\$4,923,600 (0.5 HK cent per ordinary share) for the year ended 30 September 2009, subject to shareholders' approval which was granted at the Annual General Meeting held on 12 March 2010. This final dividend was distributed on 17 March 2010 to shareholders whose names appeared on the register of members of the Company as at the close of business on 12 March 2010.

The Board does not recommend the payment of a final dividend for the year ended 30 September 2011 (2010 — HK\$nil).

## 7. EARNINGS PER SHARE

### (a) From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK\$37,749,000 (2010 — HK\$3,579,000 loss) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 991,852,107 (2010 — 984,915,993). For diluted earnings per share, a weighted average number of shares of 995,103,471 has been used.

The diluted loss per share has not been presented for the year ended 30 September 2010 because the deemed exercise of the share options and issue of shares are anti-dilutive.

The calculations are as follows:

(i) *Weighted average number of ordinary shares*

	2011	2010
Issued ordinary shares at 1 October	991,852,107	984,000,000
Effect of share options exercised (note a)	<u>—</u>	<u>915,993</u>
Weighted average number of ordinary shares at 30 September	<u>991,852,107</u>	<u>984,915,993</u>
Basic earnings/(loss) per share (HK\$)	<u>3.806 cents</u>	<u>(0.36 cents)</u>

*Note:*

(a) Relates to the share options exercised under the Company's share option scheme during the year ended 30 September 2010.

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

	2011	2010
Issued ordinary shares at 1 October	991,852,107	—
Effect of deemed issue of shares under the Company's share option scheme	<u>3,251,364</u>	<u>—</u>
Weighted average number of ordinary shares at 30 September	<u>995,103,471</u>	<u>—</u>
Diluted earnings per share (HK\$)	<u>3.794 cents</u>	<u>N/A</u>

(b) **From continuing operations**

The calculation of the basic and diluted earnings per share is based on the profit for the year from continuing operations of HK\$33,770,000 (2010 — HK\$27,029,000) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 991,852,107 (2010 — 984,915,993). For diluted earnings per share, the weighted average number of shares of 995,103,471 (2010 — 991,245,347) has been used.

	<b>2011</b>	2010
Basic earnings per share (HK\$)	<u><b>3.405 cents</b></u>	<u>2.75 cents</u>
<i>Weighted average number of ordinary shares (diluted)</i>		
Issued ordinary shares at 1 October	<b>991,852,107</b>	984,000,000
Effect of share options exercised (note a)	—	915,993
Effect of deemed issue of shares under the Company's share option scheme	<u><b>3,251,364</b></u>	<u>6,329,354</u>
Weighted average number of ordinary shares at 30 September	<u><b>995,103,471</b></u>	<u>991,245,347</u>
Diluted earnings per share (HK\$)	<u><b>3.394 cents</b></u>	<u>2.74 cents</u>

*Note:*

(a) Relates to the share options exercised under the Company's share option scheme during the year ended 30 September 2010.

(c) **From discontinued operation**

The calculation of the basic and diluted earnings per share is based on the profit for the year from discontinued operations of HK\$3,979,000 (2010 — HK\$30,608,000 loss) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 991,852,107 (2010 — 984,915,993). For diluted earnings per share, the weighted average number of shares 995,103,471 has been used.

The diluted loss per share has not been presented for the year ended 30 September 2010 because the deemed exercise of the share options and issue of shares are anti-dilutive.

	<b>2011</b>	2010
Basic earnings/(loss) per share (HK\$)	<u><b>0.401 cents</b></u>	<u>(3.11 cents)</u>
Diluted earnings per share (HK\$)	<u><b>0.400 cents</b></u>	<u>N/A</u>

#### **8. TRADE AND OTHER RECEIVABLES**

	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>244,004</b>	254,451
Less: impairment provisions	<u><b>(14,310)</b></u>	<u>(10,294)</u>
Trade receivables -net	<b>229,694</b>	244,157
Prepayments and other receivables	<u><b>21,281</b></u>	<u>11,677</u>
	<u><b>250,975</b></u>	<u>255,834</u>

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

	<b>2011</b>	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 60 days	<b>206,642</b>	226,976
61 - 90 days	<b>17,519</b>	7,272
91 - 120 days	<b>4,666</b>	3,979
Greater than 120 days	<u><b>15,177</b></u>	<u>16,224</u>
	<u><b>244,004</b></u>	<u>254,451</u>

The Group allows credit periods ranging from 30 to 120 days (2010 — 30 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
At 1 October	<b>10,294</b>	12,356
Impairment losses recognised	<b>5,475</b>	3,641
Impairment losses reversed	—	(5,238)
Re-allocated from gross debtors	<b>498</b>	—
Currency realignment	<b>(112)</b>	229
Uncollectible amounts written off	<b>(1,845)</b>	—
Transfer to assets classified as held for sale	—	(876)
Acquisition of a subsidiary	<u>—</u>	<u>182</u>
At 30 September	<b><u>14,310</u></b>	<b><u>10,294</u></b>

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

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
91-120 days	<b>4,643</b>	3,979
Greater than 120 days	<b><u>2,582</u></b>	<b><u>5,930</u></b>
	<b><u>7,225</u></b>	<b><u>9,909</u></b>

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

## 9. TRADE AND OTHER PAYABLES

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade payables	<b>155,464</b>	145,812
Accruals and other payables	<u><b>87,028</b></u>	<u>82,065</u>
	<u><b>242,492</b></u>	<u>227,877</u>

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

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 - 60 days	<b>125,847</b>	130,098
61 - 90 days	<b>15,065</b>	5,446
Greater than 90 days	<u><b>14,552</b></u>	<u>10,268</u>
	<u><b>155,464</b></u>	<u>145,812</u>

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

## 10. DISCONTINUED OPERATION

On 31 December 2010, the Company entered into an agreement for the sale of its 100% equity interest in Jade Precision Engineering Pte. Ltd. ("Jade") to Rokko Holdings Limited for a total consideration of SG\$8 million (equivalent to approximately HK\$48.2 million, after applicable costs on disposal), payable in cash. In the financial statements for the year ended 30 September 2010, Jade was presented as a discontinued operation. The sale of Jade was completed on 28 February 2011.

The revenues, results and cash flows of Jade are as follows:

	<b>2011</b> <i>HKS'000</i>	2010 <i>HKS'000</i>
Revenue	<b>51,548</b>	130,461
Cost of sales	<b><u>(53,948)</u></b>	<u>(126,222)</u>
Gross (loss)/profit	<b>(2,400)</b>	4,239
Other income	—	367
Selling and distribution costs	<b>(1,092)</b>	(1,634)
Administrative costs	<b>(2,999)</b>	(6,480)
Finance costs	<b><u>(460)</u></b>	<u>(752)</u>
	<b>(6,951)</b>	(4,260)
Gain on disposal	<b>9,736</b>	—
Loss on remeasurement to fair value less costs to sell	—	(26,348)
Cumulative exchange differences in respect of the net assets of a subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary	<b><u>1,194</u></b>	<u>—</u>
Profit/(loss) before tax from discontinued operation	<b>3,979</b>	(30,608)
Income tax charge	<b><u>—</u></b>	<u>—</u>
Net result from discontinued operation	<b><u>3,979</u></b>	<u>(30,608)</u>

The cash flows from the discontinued operation are as follows:

	<b>2011</b> <i>HKS'000</i>	2010 <i>HKS'000</i>
Net cash (used in)/generated from operating activities	<b>(1,882)</b>	548
Net cash (used in)/generated from investing activities	<b>(1,857)</b>	917
Net cash generated from/(used in) financing activities	<b>1,026</b>	(275)
Effect of foreign exchange rates	<b><u>(177)</u></b>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents	<b><u>(2,890)</u></b>	<u>1,190</u>

## 11. DISPOSAL OF A SUBSIDIARY

As disclosed in note 10, above, the sale of Jade was concluded on 28 February 2011 (the “Disposal Date”) for a total consideration of SG\$8 million (equivalent to approximately HK\$48.2 million, after applicable costs on disposal), payable in cash.

The net assets at the Disposal Date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	23,721
Inventories	19,028
Trade and other receivables	35,184
Cash and cash equivalents	446
Trade and other payables	(23,101)
Bank overdrafts	(7,027)
Other interest bearing bank borrowings	(9,033)
Obligations under finance leases	<u>(1,928)</u>
	37,290
Gain on disposal	9,736
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	<u>1,194</u>
Total consideration	<u><u>48,220</u></u>
Satisfied by:	
Cash consideration	48,916
Transaction costs directly attributable to the disposal	<u>(696)</u>
	<u><u>48,220</u></u>
Net cash flow arising from the disposal:	
Cash consideration	48,916
Transaction costs directly attributable to the disposal	(696)
Cash and cash equivalents disposed of	<u>6,581</u>
	<u><u>54,801</u></u>

The gain on disposal is included in the net result from discontinued operation in the consolidated income statement.

## **12. CONTINGENT LIABILITIES**

The Group is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Financial and Operations Review**

The trading upturn experienced in fiscal 2010 has continued into the year ended 30 September 2011 where further profit improvements have been delivered, particularly as a result of strong operating performances in the Contract Manufacturing, Magnetics and Metrology divisions, the latter boosted by a full year of profits from Baty International Limited which was acquired in March 2010.

Within the Tools division, the UK's hacksaw blade manufacturing operation closed in October 2010 and production was transferred to a newly formed subsidiary operating from purpose built premises in the PRC. The start of blade production was delayed by four months because of customs importation difficulties. This resulted in quarter four hacksaw blade sales, principally into export markets, being deferred into fiscal 2012. However, these sales shortfalls were compensated by good trading results from the French and Australian arms of the division.

The Group's Consumer Electronics division was adversely affected by declining sales of its analog baby monitor and by delays in the transition to a digital version. Sales revenues improved in quarter four of the year as deliveries of the digital replacement to a major new customer came on stream in June 2011.

On 28 February 2011, the Group completed the sale of its Singapore-based leadframes business, Jade Precision Engineering Pte. Ltd. ("Jade") for a consideration of approximately SG\$8 million (HK\$48.2 million). This sale allowed the Group to exit from a loss-making, cash-consuming business and will allow Group management to focus time and cash resources on developing key elements of the remaining businesses in the Group.

The results of Jade have been classified in a separate caption “Net result from discontinued operation” in the consolidated income statement for both the year ended 30 September 2011 and the prior year comparative. In addition, in the consolidated statement of financial position at 30 September 2010, the investment is presented as an asset held for sale.

## **Group Results**

In the year ended 30 September 2011, the Group recorded a turnover of HK\$1,277.0 million from continuing operations, an increase of 11% when compared to the turnover of HK\$1,145.5 million for the year ended 30 September 2010.

Gross margins decreased marginally from 29.51% in the prior year to 29.04% in the current year, reflecting rising labour costs, raw material price increases that were only partially offset by improved procurement processes and the favourable impact of restructuring initiatives.

The Group’s operating profit from continuing operations before restructuring costs, net finance costs, share of associate’s profits, one-time pension credits, other non-operating items and taxation increased to HK\$54.9 million in the year ended 30 September 2011, up by HK\$2.1 million, or 4%, from the prior year.

Consistent with the increase in operating profit, the Group’s EBITDA from continuing operations (i.e. earnings before restructuring costs, net finance costs, share of associate’s profits, one-time pension credits, other non-operating items, taxation, depreciation and amortisation) for the year under review amounted to HK\$76.3 million (2010 — HK\$74.3 million), an increase of HK\$2.0 million, or 3%, over the prior year.

The Group’s net profit from continuing operations before tax was HK\$51.2 million. This compares to a net profit in the prior year of HK\$39.9 million. The 2011 net profit is stated after charging HK\$11.1 million of restructuring charges, principally in relation to the relocation of the Group’s hacksaw blade manufacturing plant from the United Kingdom to the PRC. 2010’s result includes restructuring and other non-operating costs of HK\$23.1 million, the major element of which was HK\$17.8 million of the first tranche of hacksaw blade relocation costs. Additionally, the 2010 comparatives include HK\$11.7 million of one-time pension credits and other non-operating income.

The tax charge for the year ended 30 September 2011 was HK\$17.5 million (2010 — HK\$12.9 million).

The profit attributable to continuing activities was HK\$33.8 million (2010 — HK\$27.0 million), an increase of 25% compared to the prior year.

2011 earnings per share from continuing operations were 3.405 HK cents compared to earnings per share of 2.75 HK cents in 2010.

As a consequence of its disposal in the year, the Jade leadframes division has been classified as a discontinued operation in both the 2011 consolidated income statement and the 2010 comparatives. The net result attributable to this discontinued operation in 2011 was a profit of HK\$4.0 million (2010 — loss of HK\$30.6 million). After adding the result of the discontinued operation, the total Group net profit for the year was HK\$37.7 million (2010 — loss of HK\$3.6 million).

The 2011 earnings per share from continuing and discontinued operations was 3.806 HK cents compared to a loss per share of 0.36 HK cents in 2010.

## **Divisional Results Overview**

### **Contract Manufacturing Division (Pantene Group)**

Consolidating the improved operational performance in fiscal 2010, Pantene delivered a strong trading performance in the year ended 30 September 2011 with sales of HK\$333 million, an improvement of 27% over than the previous year.

In 2011, Pantene faced a number of key business issues. These included shortages of labour; repeated electricity supply limitations; long lead times on electronic components; increased cost of principal raw materials such as copper, oil, silver etc.; continuing US\$ depreciation against the RMB and; other adverse exchange movements. All of which served to drive up costs in the year.

To compensate for these cost increases, management was successful in passing on price increases to customers via the renegotiation of selling prices, controlling expenditure, implementing productivity improvements and streamlining operational efficiency. As a result, Pantene's profit before tax increased 51% to HK\$20.3 million.

Management focus on securing new customers and business has continued with a number of new products launched in the year and others in the pipeline for delivery in fiscal 2012.

Looking ahead, concerns persist about the world trading environment where several negative factors remain, such as a decelerating US economy, inflationary pressure in China, financial instability in Europe and unstable political situations in Greece and Italy.

Although the first quarter order book is healthy, sales demand may be affected in later periods. As in the past, we will continue to work hard to offset these negative factors by proactive sales and marketing activity and to further improve operational efficiency by increased production automation and other means.

## **Tools Division**

### *UK Tools (Neill Tools Ltd./Spear & Jackson Garden Products Ltd.)*

Tough trading conditions were again evident across all sectors of UK industrial markets as a result of an increasingly cautious economic environment. Demand within the UK retail and building sectors was particularly soft although we were able to offset this demand weakness by securing new listings, by the introduction of new products and by gaining market share within the independent retail channel.

Overall, our home market showed sales 11% better than the previous year, an excellent performance taking into consideration the lack of consumer and industrial confidence and the poor economic outlook. The benefits of these improved sales were diluted, however, by a bad debt write off resulting from the business failure of one of our major retail customers.

The main challenge in our hand tool division during the year related to the management of the closure of our hacksaw blade manufacturing plant in Sheffield, UK. This facility was closed at the end of September 2010 and in the first quarter of fiscal 2011 the operation was transferred to a new, wholly owned subsidiary based in purpose built, leased premises in Jiangmen, PRC.

We originally forecast that PRC production would commence during April 2011 but this start date was delayed by approximately four months as a result of customs complications. Our sales for the year, particularly into export markets, were adversely affected as a result. However, it is pleasing to report that the delay has not caused long-term issues. Our customers have inventory in the market and they remain loyal to the product and to the brand. Since August, production output has been steadily increasing and we will be operating at full capacity during the first quarter of fiscal 2012.

Rising material and component costs have put pressure on our margins during the year but, wherever possible, these increases have been offset by sales price increases. The division has continued to benefit from the reorganization initiatives implemented in prior years and, in the coming year, will also see profitability improvements derived from the first full year of hacksaw blade cost savings.

The outlook for 2012 remains uncertain within the UK market with the effects of the recent public expenditure cuts made by the government now being felt. Overseas, the recent floods within Thailand will negatively impact first quarter sales. Nevertheless, despite the UK uncertainty and a nervous overseas outlook, we still expect to grow our market share during 2012 with new listings and new product development.

### ***Robert Sorby***

Robert Sorby had to deal with challenging market conditions in fiscal 2011. The US market continued to suffer from a depressed economic climate. Our North American sales experience was patchy, with some US customers well down on last year while others showed healthy increases on the prior period. Overall, however, we managed to ride the storm with sales in line with last year.

The situation in the UK is extremely poor with sales demand remaining soft. However, sales in mainland Europe continue to show positive signs and turnover has improved year on year.

The Southern Hemisphere is also starting to show signs of growth. We have now shipped our second order to a new dealer in New Zealand and, in Australia, our largest dealership is showing an increase on last year's performance. However, other dealers in Australia continue to struggle.

There has been good response to new products and promotional deals. In particular, addressing the needs and desires of end users with added value products has secured some significant orders — the introduction of leather tool rolls incorporating woodturning sets being an example. Similar offers are currently being presented to other major customers and positive results are anticipated.

The Sorby Managing Director, Peter Gill, retired midway through the year and was replaced by Phil Proctor, a man with over 30 years of production experience in the business. A head of sales and marketing has been recruited, allowing Phil to take overall control of the company while ensuring continuity of both manufacturing control and new product design and development.

The immediate outlook is far from clear. New products introduced will generate incremental business. However, thanks to government funding cuts, the UK faces a period of austerity, which is likely to put further pressure on sales levels. Our focus market suffers directly from the poor economic climate with our typical customer, a retiree, being hit hardest with reductions in pensions and poor interest returns on savings. However, prospects in Europe and US appear to be improving with outlook forecasts for the beginning of our financial year looking more positive.

More positively, fiscal 2012 will see new products, new customers and a new web site for our retail store that will run alongside numerous initiatives, marketing strategies and demonstrations.

### ***Spear & Jackson France***

As last year, the business has been subject to unpredictable demand levels in the period, driven by both economic and meteorological factors, but, overall, delivered sales 3% higher than last year.

During the first quarter, we benefited from strong sales of snow shovels as a result of very wintery conditions in November and December 2010. However, pre-season garden product sales in January and February 2011 were subdued as our principal customers had experienced poor autumn sales and were carrying high residual inventories into the new season.

The spring period was much better due to very good climatic conditions but the extended fine weather led to droughts in certain parts of France which severely reduced sales activity in those areas. These demand reductions were compensated by new listings with a major retailer which delivered incremental sales in August and September.

Margins have eroded slightly despite increased procurement from China. This has arisen as a result of the adverse exchange value of the US dollar combined with price pressure imposed by both customers and suppliers.

We have suffered from price increases from our Chinese suppliers and negotiations with our bigger customers to pass on these increases have proved problematic. As end user sales levels are depressed, customers have resisted price increases as far as possible and have put us into competition with rival suppliers, who are increasingly aggressive on pricing, or by demanding higher rebate levels.

The negative impact of these cost increases has been alleviated by the successful renegotiation of supply contracts with two major retail chains and we were also able to gain incremental business with another large French retailer where we listed in preference to the existing supplier.

A number of new products were launched in the year, together with a series of range extensions and modifications. New product development is an essential part of our operational strategy and, when allied to ongoing improvements in procurement processes, particularly via increased sourcing from the PRC, is seen as the main driver in maintaining sales and margins as we move into fiscal 2012.

### ***Spear & Jackson Australia***

Throughout fiscal 2011 our business continued to demonstrate resilience in both sales and profit in a very competitive and challenging market environment with sales revenues increasing by 4% and operating profit increasing by 30% on the prior year.

With regard to our improved sales performance, the ongoing introduction of new products and “industry best” promotional sales offers continued to gain increased sales and market share across most product categories in which we compete. The exception was the Metals Division which continued to suffer sales declines as a result of the slowdown in the Australian manufacturing / automotive sectors post the global financial crisis.

The strong operating profit result has been achieved under difficult trading conditions and was underpinned by improved margins from a solid sales result, a strong Australian dollar and reduced overhead costs.

However, the full benefit of the strong Australian dollar was partially offset in the second half of the year by rising product costs from overseas suppliers.

Looking forward, the business is well placed to pursue our sales and profit objectives in fiscal 2012. However, the level of sales growth will be more subdued due to the slowdown in the Australian economy and consumer sales which will be dependent on continued economic growth in China and the recovery of both the USA and European economies.

While we remain cautious about the ongoing strength of the Australian dollar, we hedge our foreign exchange exposures to underpin our trading margins and this, together with our commitment to new product development, overhead cost minimisation and improved working capital management, should assist management in delivering its fiscal 2012 sales and profit objectives.

### ***Spear & Jackson New Zealand***

The business traded poorly in fiscal 2011 in one of the most challenging economic times for the New Zealand economy. Given the pace and volatility of change and the impact of the Christchurch earthquakes, consumer spending and retail sales declined significantly when compared to the prior year. Furthermore, the loss of business with a major retail group in the second half of the prior year further impeded our sales efforts resulting in sales in fiscal 2011 declining 32% on the prior year and operating profit declining 106% mainly as a result of declining trading margins and rising overhead costs.

Looking forward to fiscal 2012, we aim to achieve our sales and profit objectives by implementing aggressive sales and sales promotional programs to gain incremental sales and market share in all product categories in which we compete.

While we acknowledge that the business will continue to be challenged by increased levels of competition and private label house brands, we are encouraged by the recent improvement in consumer sentiment and the stronger New Zealand dollar.

Furthermore, a number of sales initiatives undertaken in the year ended 30 September 2011 should deliver significant incremental sales gains in 2012. In addition to the above, management will continue to focus on new product innovation, cost minimisation and improved working capital control. The above strategies are those that we believe will deliver the desired sales and profit objectives in the forthcoming year.

### **Metrology Division (Bowers Group)**

Fiscal 2011 saw trading and market conditions return to pre-recession levels across virtually all areas. The rebound was much faster than anticipated, aided by the relatively low value of Sterling making exports from the UK divisions far more competitive.

All divisions performed well with the Bowers export distributors going through a re-stocking cycle after reducing inventories during the recession. The UK also saw a high number of capital project sales for both Baty Vision Systems and Bowers' Horizontal Calibration Machines. This was a clear sign of confidence by many blue-chip companies investing in manufacturing in the UK.

The key challenge in fiscal 2011 was providing sufficient manufacturing capacity to match the significant upturn in order levels. This caused longer delivery times to customers and additional capital investment was therefore made in the latter part of the year to cope with increased demand. Supplies of factored products from China and India also saw significant delays as factories in those regions saw large upturns in demand from both domestic and export markets.

The Bowers MicroGauge was the key product launch in the year. The product received an excellent response when launched at our main tradeshow in Germany. Unfortunately, capacity restraints have caused delays with the first production batch of these products. Baty introduced several improvements to its "Fusion" software package and Venture Plus 3D Non-Contact Co-ordinate Measuring Machine.

The outlook for fiscal 2012 is more uncertain due to the turmoil in the Eurozone, but we have entered the year with a healthy order book. The key driver for the year will be customers' willingness to continue investment in improving quality processes against a backdrop of volatile economic conditions. With UK interest rates at an all time low, this is likely to keep Sterling at current levels, maintaining our competitiveness in export markets.

### **Magnetics Division (Eclipse Magnetics)**

In our main UK-based operation, sales showed an excellent 16% growth on the previous year. A cautious UK market reported a modest 4% increase, with our export business achieving an impressive 39% improvement.

We experienced a decline in UK sales within our Engineered Products division as a direct result of the manufacturing uncertainties within this market. However, this was offset by our Industrial and Distribution based business where we increased our market share and launched new products.

The excellent growth within overseas markets was led by improvements within all product groups. The German market delivered growth through our key distributors and partners. At the same time, we established a new presence within Asia and Eastern Europe driving our new filtration range into these manufacturing led markets.

Operating profit was 31% better than the previous year and, after inclusion of our share of profit from our joint venture associate, we achieved a 20% return on sales.

The main challenges during the year related to the unprecedented price rise in rare earth magnet materials which saw an increase of over 1,000% during the second half of the year. We managed this closely with our customers and our margin was only slightly impacted during this period as a result of the protracted timing of acceptance of the price increases by our customers.

The outlook for 2012 remains uncertain within UK and European markets as they continue to suffer in a depressed economic landscape. Our strategy is to continue to develop the German market and build on the platform created within Eastern Europe and Asia Pacific for our new magnetic filtration and separation ranges.

In our North American operation, Eclipse Tools North America (“ETNA”), 2011 sales to the larger industrial distributors were noticeably up over fiscal 2010 although sales to smaller distributors were relatively flat throughout the year.

Overall, however, sales were 45% ahead of last year with the sales growth mainly driven by the success of the program to further penetrate Magnetics’ Engineered Products into the US market. This excellent result was bolstered by sales of hand tools and metrology products that were also ahead of last year.

In fiscal 2012, we do not anticipate the North American economy showing any improvement over the prior year but we are nevertheless targeting double digit growth in sales in the period. To grow sales and profitability in the coming year, ETNA intends to secure incremental business through the introduction of new products (Metal Detection), to enter new markets (e.g. South America), to continue the push toward increased sales of high margin filtration product and to further penetrate existing supply channels.

### **Consumer Electronics Division (Alford Industries)**

The division had a difficult year in the face of falling sales and rising costs. In addition, delays in transitioning the company’s principal product offering, baby monitors, from an analog to a digital version, also negatively impacted revenues.

Baby monitors form the core item in Alford’s product portfolio, representing nearly 80% of total sales. The demand for analog baby monitors from the division’s then biggest customer continued to decline in the first half of the year.

RMB appreciation, combined with increases in labour and raw material costs resulted in gross margin erosion. In addition, the significant fall in sales revenues in quarter 1 and quarter 2 seriously affected the overall profitability of the division as it was not possible to reduce overhead costs at the same rate, or in the same proportion, as the sales decline, even though a series of strict cost control measures were implemented.

As a result of the above factors, the first half of fiscal 2011 provided a very tough trading environment. However, following the launch, in June, of a two product digital baby monitor range to a new customer, Binatone / Motorola, an additional HK\$24 million of sales were generated.

This successful product launch was significant as it now positions Alford as one of the key ODM suppliers of digital baby monitors with unrivalled product quality compared to its competitors. The quality of the new digital monitors enabled the Alford product to receive a 5 star rating on Amazon as it outperformed all similar products in the category and this helped in generating better than expected US sales volumes via Amazon e-sales.

With the success of the Motorola baby monitor, digital baby monitors will represent the key products to be developed in fiscal 2012, not only for Motorola but also for other prestige branded customers. In fiscal 2011 we generated approximately 60% of sales from analog models and 40% of sales from digital models, but, going forward, this proportion will shift significantly towards digital models which carry better margins.

Several new projects are currently in progress such as a combined 8" Photo Frame and Baby Monitor and the development of more sophisticated monitor sensor concepts which, for parents, would extend the monitor life span as it could be used not just for babies but also for older children.

North America is Alford's major export region, accounting for 85% of total sales with Europe responsible for another 13%. Market sentiment in North America and Europe was weak during the whole of fiscal 2011 and this was reflected in end customers becoming very price sensitive and adopting a cautious purchasing attitude.

This situation reached its low point in the second half of fiscal 2011 as a result of the European credit crisis which had an adverse impact on Europe sales and, as a result, the anticipated baby monitor expansion plan using the strong Binatone distribution channels in the UK and the rest of Europe could not be realized.

Product competition is intensifying as a number of new players have entered the market, putting further pressures on margins. Alford has, however, retained a solid market position despite the presence of these recent entrants by exercising strict cost control measures in all areas of the business in order to maintain competitive pricing.

#### **Leadframes Division (Jade Precision)**

The sale of the Group's Leadframes division was completed on 28 February 2011 for a gross sales consideration of SG\$8 million (HK\$48.9 million). The results of the Leadframes division have been classified in a separate caption "Net result from discontinued operation" in the consolidated income statement in both the year ended 30 September 2011 and the prior year comparative. In addition, in the consolidated statement of financial position at 30 September 2010 the investment is presented as an asset held for sale.

## **Prospects and Strategies**

The year ended 30 September 2011 saw the consolidation of the improved trading achieved in fiscal 2010 when the Group successfully emerged from the severe economic downturn that blighted 2009.

In 2011, we benefited from annual sales increases as a result of new product launches, new customers being secured and a general market upturn. Earnings correspondingly increased and, moving forward, a solid sustainable profit base, allied to a positive cash flow, will be key requirements for the Group's businesses.

Excellent trading performances were recorded in the Contract Manufacturing, Magnetics and Metrology divisions. However, these successes were diluted by losses sustained in the Group's Consumer Electronics division which was adversely affected by declining sales of its analog baby monitor and by delays in the transition to a digital version.

Following on from the good trading results achieved in 2010, the French and Australian operations within the Tools division built on these successes in 2011. Within the UK Tools Division, the major initiative in the year was the closure of its hacksaw blade manufacturing operation in October 2010 and the transfer of production to a newly formed subsidiary operating from purpose built premises in the PRC.

The start of blade production was delayed by four months because of customs importation difficulties. This resulted in hacksaw blade sales, principally into export markets, being deferred into fiscal 2012. Although revenues fell short of forecast as a result, management worked closely with customers to maintain goodwill during this time and no sales were lost.

Over recent years, the UK Tools division has implemented a number of significant restructuring initiatives to improve profitability, principally via the migration of its manufacturing operations. The hacksaw blade closure forms the last element of this initiative and will enable the division to reduce costs whilst retaining the manufacture of a premier branded product within the Group.

In recent years these reorganisation exercises have had a material impact on the Group's income statement and cash flow in terms of one-time charges and expenditure. Going forward, this cash and earnings volatility should now be removed as these restructuring charges come to an end.

The Contract Manufacturing division experienced increases in sales demand and the division's management looks forward, with cautious optimism, to the continuation of this trend in 2011. However, in common with many other businesses in the PRC, the business will have to deal with margin pressures as a result of labour rate increases and manpower shortages.

Robert Sorby was faced with severe challenges in its UK markets as a result of the adverse impact that falling interest rates and government cut backs had on the levels of disposal income of the company's principal customer sector. These difficult UK trading conditions were offset by an improving position in the US, the operation's chief overseas market, and also by sales gains in other export markets. The fragile UK demand levels are likely to persist into 2012 and it is therefore important that all overseas sales opportunities are maximised and the introduction of new products accelerated.

Spear & Jackson France enjoyed a successful 2011 in increasingly competitive market conditions. Sales in 2012 will be boosted by additional listings with major retailers and the company will continue its program to develop sales in new sectors of the French market through expansions in both the customer base and product range. Additionally, management remains focused on improving procurement processes, particularly via the increased sourcing of key products and components from the PRC. Such sales expansion and cost reduction are key to remaining profitable within a consolidating garden tools market in France where competition is increasingly aggressive.

In Australasia, management has been successful in maintaining margins through selected price increases, product cost reductions from suppliers and a successful promotions program. Despite the competitive trading conditions, these factors, together with favourable exchange movements, ongoing procurement and cost savings and the securing of incremental business with its principal customer, a major Australian multi-site retailer, will allow the operation to enter 2012 with some optimism. However, in the immediate term, a slowing Australian economy has dampened sales demand in the first quarter of fiscal 2012.

The Magnetics division produced excellent results in 2011 with the performance of the main UK-based division supported by strong trading from its Canadian subsidiary and by a significant contribution in terms of profit share and dividend income from its PRC joint venture associate company.

The results of the Group's Metrology division for fiscal 2011 showed significant growth over those of the prior year with strong sales demand from key overseas distributors combined with high capital item sales. Manufacturing efficiency and production capacity in the Division's UK plant were enhanced by capital expenditure on new CNC machinery and this will benefit the company moving into 2012 and beyond. The division enters 2012 with a strong order book but UK economic concerns may impact negatively on customers' capital expenditure budgets which may soften demand for the division's products.

In our Consumer Electronics division, falling demand in the final quarter of fiscal 2010 continued into the current year. This sales decline related to the fall in demand for analogue baby monitors prior to the introduction of a digital version.

The transition period from the older to the latest version of the monitor lasted longer than anticipated but sales to a major new customer began in June 2011 and sales and operating performance have improved accordingly. Management is focused on growing these sales, widening the Division's product offering, increasing production efficiencies and reducing costs wherever possible.

Of all the Group's divisions, the Leadframes operation was the most severely affected by falling demand.

After a full strategic review of the business, the Board decided to sell the division and, on 28 February 2011, a sale of the company was completed for a net consideration of SG\$8 million (HK\$ 48.2 million).

The Company's Board was of the view that the sale was beneficial to the Group strategically, operationally and financially and that the disposal would allow the Group to focus management time and cash resources on developing key elements of the remaining businesses in the Group and also to explore investment and other opportunities as they arise.

The Group's operational strategy is to drive incremental sales through new product development and the penetration of new markets. Restructuring initiatives implemented in the current and prior years have delivered cost savings. We will continue to explore opportunities to further reduce and rationalize the cost of the Group's operating base in order to maintain margins and to retain its competitive edge.

In addition to maximizing organic growth in sales and profitability, the importance of expansion through mergers and acquisitions is recognized by the Company's Board of Directors as an important element of business strategy. The successful acquisition of Baty in March 2010 is an example of this. Our Executive Directors and the Group management team will continue to consider acquisition opportunities but only where it can be demonstrated that these are value accretive and will offer synergies to existing operations.

Entering 2012, the economic environment is far from certain with concerns about the financial status of certain members of the Eurozone and the fall out effect that this may have on economies and financial markets world-wide.

It is not possible to predict the size and timing of the impact that these changes within the economic landscape may have on our businesses. We believe, however, that the Group's portfolio of good companies with their strong asset base backed by sound cash flow, its product diversity and the geographical spread of its sales markets will help to shield the Group from the worst effects of any future downturn as and when this occurs.

Overall, the Group considers it is well placed for the future although, in the short term, a volatile economic backdrop and fragile consumer and industry confidence may adversely affect our operations. With our wide-range of activities we are confident that we will be able to take advantage of opportunities as they arise to continue to develop the Group for the benefit of all its stakeholders.

#### **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held on Tuesday, 27 March 2012 at Plaza 3, lower lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong.

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from Friday, 23 March 2012 to Tuesday, 27 March 2012 both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 22 March 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

#### **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company throughout the year under review up to the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

#### **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 of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year under review.

Employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance of the guidelines by employees was noted by the Company.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 30 September 2011.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 30 September 2011, with the exception of the following deviation:

Under the code provision A.4.1, Non-executive Directors should be appointed for a specific term. Under the code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Currently, Non-executive Directors are not appointed for a specific term. However, all Directors are subject to retirement by rotation at least once every three years at each annual general meeting under the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are on terms no less exacting than those in the CG Code.

## **PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE’S WEBSITE**

This announcement is published on the Company’s website ([www.irasia.com/listco/hk/upi](http://www.irasia.com/listco/hk/upi) and [www.upi.com.hk](http://www.upi.com.hk)) and on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

By Order of the Board  
**United Pacific Industries Limited**  
**DAVID H CLARKE**  
*Chairman*

Hong Kong, 13 December 2011

*As at the date hereof, the Executive Directors of the Company are Mr. David H Clarke, Mr. Simon N Hsu, Mr. Henry W Lim and Mr. Patrick J Dyson; the Non-executive Directors are Mr. Chan Kin Sang and Mr. Liu Ka Lim; and the Independent Non-executive Directors are Mr. Robert B Machinist, Mr. Ramon S Pascual and Dr. Wong Ho Ching, Chris.*