Overview

We are a fast-growing aluminum products manufacturer based in Guangdong Province, China, with a large and diverse portfolio of high-quality products. During the Track Record Period, we had an increasing focus on high-value-added high-precision aluminum parts for cutting-edge electronic products, complemented by aluminum extrusion products for a variety of industries which contributed stable revenue. We have established sales channels and market presence in the PRC, Hong Kong and overseas. We have achieved significant growth in recent years. For the years ended September 30, 2010, 2011 and 2012, we recorded revenue of HK$1,366.9 million, HK$2,090.6 million and HK$2,437.0 million, respectively, representing a CAGR of 33.5%, and profit for the year of HK$86.7 million, HK$260.3 million and HK$357.1 million, respectively, representing a CAGR of 102.9%.

We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. The following table sets out our revenue by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Revenue						
Electronics Parts	119.8	8.8%	791.5	37.9%	1,143.5	46.9%
Branded OPLV Products	129.4	9.4%	182.7	8.7%	258.2	10.6%
Construction and Industrial Products	1,117.7	81.8%	1,116.4	53.4%	1,035.3	42.5%
Total	1,366.9	100.0%	2,090.6	100.0%	2,437.0	100.0%

Electronics Parts. Our products in the Electronics Parts category include aluminum parts for some of the world's most popular portable consumer electronic devices by a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis. We supply such parts to the Foxconn Companies, which are major contract manufacturers for such designer. We are currently the only external supplier to the Foxconn Companies that fabricates the aluminum unibody chassis for the popular multimedia tablets, employing advanced CNC machining centers. We commenced operations of a plant dedicated to CNC processing in October 2011, and made our first shipment of the unibody chassis to the Foxconn Companies in November 2011. As of September 30, 2012, our annualized production capacity of such unibody chassis was 43.4 million units. As of the Latest Practicable Date, we had 692 CNC machining centers, which had an annualized processing capacity of 45.7 million units of such unibody chassis. Since 2009, we have also supplied the Foxconn Companies with aluminum plates of required specifications, which they further process into unibody chassis for the multimedia tablets, as well as the laptop computers, in-house. Our Electronics Parts also include aluminum components for personal computers or other electronic devices, mostly heat sink products, supplied to the Foxconn Companies and other customers. Primarily driven by sales of the aluminum plates and unibody chassis to the Foxconn Companies, our Electronics Parts sales revenue experienced significant growth since 2011, which accounted for most of our revenue growth for the same period. Our Electronics Parts sales revenue amounted to HK$791.5 million and HK$1,143.5 million for the years ended September 30, 2011 and 2012, respectively, compared to HK$119.8 million for the year ended September 30, 2010.

Branded OPLV Products. Our Branded OPLV Products comprise mid- to high-end integrated aluminum door and window systems, which we have manufactured and sold under the "OPLV" ("澳普利發") brand since 2008, primarily through our OPLV Distributors in China. We also sell some of our Branded OPLV Products directly to end-customers, generally through referrals from OPLV Distributors. Over a relatively short period of time, we have substantially grown revenue from Branded OPLV Products and developed a broad distribution network, comprising 577 active OPLV Distributors in 27 provinces across China as of September 30, 2012. We believe that we have developed a strong

OPLV brand where we market our Branded OPLV Products by enforcing uniform sales and marketing strategies through our OPLV Distributors. We also believe that our Branded OPLV Products, which are designed as integrated systems, provide our customers with a valuable alternative to conventional aluminum door and window frames marketed in China that are sold in bulk to the construction and home remodeling industries.

Construction and Industrial Products. Our Construction and Industrial Products are primarily components and materials used for exterior and interior architectural decoration and furnishings and in various other industries. Prior to 2011, Construction and Industrial Products accounted for a majority of our total sales revenue. Since 2011, with the significant growth in our Electronics Parts segment, our reliance on Construction and Industrial Products gradually declined, but they have nevertheless remained an important part of our product portfolio. We have made substantial sales of our Construction and Industrial Products in the PRC and Hong Kong as well as overseas markets, including Australia, Canada, the United States, South Africa and Malaysia. According to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively.

Competitive Strengths

We believe that our market position and rapid-growth profile are principally attributable to the following competitive strengths:

Strong position in the fast-growing consumer electronics market segment and strong business relationship with leading consumer electronics contract manufacturer

We have maintained a business relationship with the Foxconn Companies, which are among the world's leading contract manufacturers of consumer electronic products, for over 12 years and have supplied to them products with increasing technical complexity. We are now one of the Foxconn Companies' major suppliers of aluminum parts, most notably with respect to some of the world's most popular consumer electronic products they assemble for a leading global consumer electronics designer. We began our relationship with the Foxconn Companies in 2000 when we started to supply to them heat sinks for personal computers. In 2009, we began to supply to the Foxconn Companies aluminum plates of required specifications, which they further process into unibody chassis for popular multimedia tablets and laptop computers that they assemble for the leading global consumer electronics designer. In 2011, we established our CNC processing capacity, which enabled us to fabricate the aluminum unibody chassis of the multimedia tablets.

- We are currently the only external supplier to the Foxconn Companies of such aluminum unibody chassis, with an annualized processing capacity of 45.7 million pieces as of the Latest Practicable Date. We currently devote all of our CNC processing capacity to fabricating these unibody chassis for the Foxconn Companies.

- We also supply to the Foxconn Companies aluminum plates that they further process into the unibody chassis for such popular multimedia tablets in-house; together, we are the largest supplier to the Foxconn Companies of such unibody chassis and plates for the multimedia tablets.

- We also supply to the Foxconn Companies aluminum plates, of different specifications, which they further process into the unibody chassis of the popular laptop computers by the same designer in-house.

We attribute our successful relationship with the Foxconn Companies to numerous reasons, which we believe include our superior technological capabilities and production process know-how, product quality and reliability, our responsiveness to the Foxconn Companies' specific requirements and our organizational structure which enables us to meet the quality and quantity requirements of the Foxconn Companies. We believe that the combination of these factors places us in an advantageous position as one of a few stable and trusted suppliers to the Foxconn Companies.

According to ABI Research, global shipments of multimedia tablets are expected to continue to grow substantially in the foreseeable future, and aluminum has become a popular material for their chassis because its properties are well matched to the design requirements of such mobile devices. We believe that there are considerable barriers to entry with respect to this niche segment of aluminum products, including capital investment, technical sophistication and customer relationships, and that our current strong position in this high-margin and fast-growing market segment will enable us to stay ahead of competition going forward and contribute to our profitability.

Vertical integration of aluminum product manufacturing capabilities

We have established capabilities in many stages of the aluminum product manufacturing process, including smelting, die design and fabrication, extrusion, scrap recycling and advanced CNC processing. We also began testing and trial of an assembly operation in a third production plant in July 2012 and have been gradually increasing production. We believe such vertical integration of manufacturing capabilities enables us to lower manufacturing cost, capture more value along the production chain, develop new products at a speed required by changing market demand and accommodate specific requirements of our large customers. For example, in our CNC processing of the unibody chassis of the popular multimedia tablets, a large amount of aluminum is carved from aluminum plates as the chassis take shape according to exact specifications. Our smelting capability allows us to recycle the scrap aluminum, which reduces our raw materials usage and at the same time obviates the cost of disposing of the scrap aluminum. We believe our vertical integration allows us to compete more effectively in our industry.

Diversified product portfolio with a strong focus on high-value-added products

Our broad product portfolio is divided into three categories: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. We have achieved significant growth in Electronics Parts in recent years, establishing a strong focus on aluminum parts for high-value-added consumer electronic products that carry high profit margins. We have also substantially expanded our Branded OPLV Products distribution network and sales revenue. To complement the growth of our Electronics Parts and Branded OPLV Products, our Construction and Industrial Products provided us with stable income throughout the Track Record Period, as a result of stable demand for these products from our customers. For the years ended September 30, 2010, 2011 and 2012, sales revenue of our Construction and Industrial Products amounted to HK$1,117.7 million, HK$1,116.4 million and HK$1,035.3 million, respectively.

Established presence in overseas markets and growing revenue contribution from the PRC

We have an established track record in exporting our products to overseas markets. We began selling our products in Australia, our first overseas market, in 1998. We subsequently developed markets in Canada, South Africa and Malaysia. According to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively. We believe we have created and maintained strong distributor relationships, industry reputation and customer loyalty in our markets. Our established presence in the overseas markets provides us with an important source of revenue that has been growing steadily. For the years ended September 30, 2010, 2011 and 2012, our export sales (our total sales excluding sales to the PRC and Hong Kong) amounted to HK$809.8 million, HK$819.3 million and HK$835.8 million, respectively. Meanwhile, we have grown our revenue significantly in the PRC. For the years ended September 30, 2010, 2011 and 2012, our PRC sales amounted to HK$501.5 million, HK$1,174.7 million and HK$1,530.1 million, respectively.

Advanced technical expertise contributing to high product quality and production efficiency

We believe we possess advanced technical expertise with respect to high-precision and high-quality aluminum products. We believe we are among a few manufacturers in our industry in China that employ the advanced CNC machining centers to produce aluminum parts for some of the world's most popular consumer electronic devices on a large scale. Through years of operational experience, we have developed substantial manufacturing process-related know-how, including alloy casting and die fabrication techniques, which helps ensure our product quality. We are one of the major suppliers to the Foxconn Companies of aluminum parts, most notably with respect to some of the world's most popular electronic products, whose technical and workmanship requirements are among the most sophisticated and stringent in the aluminum products industry worldwide. We have maintained a strong business relationship with the Foxconn Companies under their stringent quality requirements, and have agreed to compensate the Foxconn Companies if more than a certain percentage of the products we ship to them are defective. As confirmed by the Foxconn Companies, we have never been required to pay compensation to the Foxconn Companies due to product quality.

We believe our technical expertise and process-related know-how have also promoted our production efficiency by minimizing faulty product output, reducing wasteful raw material and energy consumption and increasing the recycled use of raw materials. For the year ended September 2012, our aluminum extrusion capacity utilization was approximately 82% and our CNC processing capacity utilization was approximately 82%. See "— Our Production Facilities" below for further details.

Strong management team with extensive industry experience and focus on customer satisfaction

We believe we are led by an experienced and dedicated management team with a proven execution track record in our industry. Mr. Marcus Pan, our chairman and executive Director, is the founder of our Group and has been our chief executive officer since our inception. He has over 21 years of experience in manufacturing and distributing aluminum products. His industry insight and expertise as well as his proven capabilities in corporate planning have provided us with invaluable guidance in our direction and strategies. He has been particularly instrumental in developing and maintaining our key customer relationships over the course of our development, and spearheaded the diversification of our product portfolio as well as the continuous upgrades in the technical sophistication of our products. The other members of our senior management team also have years of experience in the aluminum and related industries, manufacturing and corporate management, which has contributed to our continuing growth and diversifying product portfolio. We believe that the insight and execution capabilities of our management team have been key to managing our rapid growth and in achieving our current market position.

Business Strategies

We have transitioned our business focus from traditional aluminum extrusion products to a diversified product portfolio encompassing aluminum parts for cutting-edge consumer electronic products, branded integrated door and window systems and aluminum extrusions for applications in the construction and various other industries. We intend to continue our business diversification and strive to obtain a leading position in the consumer electronics parts market segment. We intend to achieve these goals by pursuing the following strategies:

Further strengthen our relationship with the Foxconn Companies and major customer in Australia

We plan to further strengthen our relationship with the Foxconn Companies, by continuing to vigorously apply the stringent quality standards with regard to the products we manufacture for them, allocating and developing additional production capacity sufficient to meet their increasing demand and developing capabilities to offer more value-added products and services. We intend to closely follow the Foxconn Companies' business development and endeavor to secure mandates from the Foxconn Companies to manufacture new types of products, including aluminum parts for any new product lines of the leading global consumer electronics designer behind the popular multimedia tablets and laptop computers for which we have been supplying parts, and for any new types of work that they intend to outsource or may require from external suppliers. For example, we plan to further increase our CNC processing capacity so that we can handle more CNC Product orders from the Foxconn Companies and began testing and trial operation of a third production plant to assemble cooling components for personal computers to supply to the Foxconn Companies. With respect to our major customer in Australia, the P & O Companies, we plan to further strengthen our relationship by providing more value-added products, such as integrated door and window systems.

Expand our manufacturing capacity to meet the rapid growth in demand for our products and continue to improve our manufacturing efficiency to further enhance profitability

We plan to continue to expand our manufacturing capacity, especially our CNC processing capacity, to meet the rapidly growing demand for our products. Since March 2012, we have purchased 225 CNC machining centers. We plan to devote a large portion of these additional machines to the fabrication of the aluminum unibody chassis of the multimedia tablets, expanding such processing capacity to an annualized 45.7 million units. We plan to use some of these CNC machining centers to fabricate cases for miniature desktop computers. We began testing and trial operation of a third production plant in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies and have been gradually increasing production. See "—Our Production Facilities—Capacity Expansion" below. In addition, we plan to gradually upgrade our machinery and equipment for regular aluminum extrusion products to be more efficient in raw materials and energy consumption, and place more emphasis on recycling scrap aluminum generated in our production process. By executing these initiatives we hope to continue to improve our manufacturing efficiency and further enhance our profitability.

Continue to promote our OPLV brand and enhance our Branded OPLV Product distribution network

We plan to continue to promote our OPLV brand in China in the home remodeling market. We intend to achieve this by designing new products of superior aesthetics and functionalities that meet the demand of the growing number of home-owning customers in China. As part of our efforts to ensure a more consistent brand image and operations, we also plan to consolidate our OPLV distribution network by discontinuing cooperation with underperforming OPLV Distributors and developing new ones. In addition to further enhancing our brand presence in smaller Chinese cities currently in our OPLV distribution network, we also intend to expand to first-tier Chinese cities, including Beijing and Shanghai, by developing region-specific products and selecting distributors in these cities that meet our selection criteria.

Further develop our technical expertise and R&D capabilities

We plan to further improve our R&D capabilities by continuing to focus on R&D efforts to develop manufacturing process-related know-how to improve product quality and save production cost. We also intend to develop new fabrication processes to provide greater value-added products to meet the demand of our key customers. In addition, we plan to continue to vigorously protect our intellectual property rights in markets where we operate.

Our Products

We are dedicated to manufacturing high-quality, high-precision aluminum products in accordance with our quality standards and the specific requirements of our customers. We currently produce a wide variety of aluminum products, which we broadly classify into three categories: (i) Electronics Parts; (ii) Branded OPLV Products; and (iii) Construction and Industrial Products. The following table sets out the sales volumes of our products by category during the Track Record Period.

	Year ended September 30,		
	2010	2011	2012
Electronics Parts			
Unibody chassis and plates for multimedia tablets (thousand pieces)	4.0	15,450.3	27,360.9
Plates for laptop computers (thousand pieces)	382.2	2,642.7	6,690.9
Heat sink and other products (thousand pieces)	16,088.9	8,753.8	14,608.9
Branded OPLV Products (MT)	4,462.0	5,727.4	7,535.3
Construction and Industrial Products (MT)	41,046.8	34,858.5	30,857.8

Electronics Parts

Our products in the Electronics Parts category consists of aluminum parts for consumer electronics products. Our Electronics Parts include aluminum parts for some of the world's most popular portable consumer electronic devices by a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis. The Electronics Parts we supply to the Foxconn Companies, particularly those used in products for the leading global consumer electronics designer, are manufactured in strict compliance with technical specifications provided by the Foxconn Companies. The technical and workmanship requirements for parts for such leading global consumer electronics designer's products are among the most sophisticated and stringent in the aluminum products industry worldwide.

We generally price our Electronics Parts on the traditional "cost-plus" basis. See "—Construction and Industrial Products" below. For our CNC Products, we charge a per unit price based on commercial negotiations with the Foxconn Companies, which takes into account raw material price and usage, other production costs and a processing charge which we believe reflects the high added value of the CNC Products. The price of our Electronics Parts may be adjusted after the purchase order in the event of a change in the price of aluminum ingots exceeding a stated threshold within a specified period. We grant the Foxconn Companies sales rebates for large orders.

Relationship with the Foxconn Companies

During the Track Record Period, we derived 34.0% of our total revenue from sales to the Foxconn Companies*, which are among the largest contract manufacturers of electronic products in the world. The Foxconn Companies provide a range of services to many of the world's best-known manufacturers in the computer, communication and consumer electronics ("3C") industries, from the manufacture of parts (such as electronic connectors) and components (such as casings and chassis) to the assembly of final products. In particular, the Foxconn Companies are among the largest suppliers to a leading global consumer electronics designer, assembling for it various popular product lines such as multimedia tablets, laptop computers, desktop computers and smartphones.

* For the avoidance of confusion, as of the date of this prospectus, we understand from public information that Hon Hai Precision Industry Co., Ltd owns a majority interest in Foxconn International Holdings Limited, a company listed on the Main Board (Stock Code: 2038), and we have not had a trade relationship with Foxconn International Holdings Limited and its subsidiaries during the Track Record Period and up to the Latest Practicable Date.

Supply of products

We have maintained a business relationship with the Foxconn Companies for over 12 years and supplied to them products with increasing variety and technical complexity. We are one of their major aluminum parts suppliers. During the Track Record Period, we supplied the Foxconn Companies, all based in the PRC, with various types of products, all of which were in the Electronics Parts category.

Unibody chassis and plates for multimedia tablets. One of the main products we supplied to the Foxconn Companies were aluminum plates of required specifications to be further processed by the Foxconn Companies in-house into the distinctive aluminum unibody chassis of the popular multimedia tablets that the Foxconn Companies assemble for a leading global consumer electronics designer. In 2011, we established our CNC processing capacity, with a portion of the CNC machining centers acquired from the Foxconn Companies, which enabled us to fabricate unibody chassis from the plates ourselves. We began to sell to the Foxconn Companies unibody chassis for the multimedia tablets in November 2011 (while continuing to supply to them the plates), and we are currently the only external supplier to the Foxconn Companies of such unibody chassis. We believe that the partial outsourcing of the unibody chassis fabrication from the Foxconn Companies to us has a sound economic basis, because we are able to smelt the considerable amount of scrap aluminum generated in the unibody chassis fabrication process and redirect it to the production cycle, thereby achieving higher cost-effectiveness. Together, we are currently the largest supplier to the Foxconn Companies of such unibody chassis and plates for the multimedia tablets.

Plates for laptop computers. We also supplied to the Foxconn Companies aluminum plates of different specifications to be further processed by the Foxconn Companies in-house into the distinctive aluminum unibody chassis of the popular laptop computers that the Foxconn Companies assemble for the leading global designer.

Cases for miniature desktop computers. In December 2012, we began supplying the Foxconn Companies with aluminum cases for miniature desktop computers that the Foxconn Companies assemble for the leading global designer.

Heat sinks and other products. We also supplied the Foxconn Companies with parts that are not destined for the popular portable consumer electronic products by the leading global designer. These included mostly various models of heat sink products for personal computers and other electronic devices, as well as solar panels. We have accumulated substantial experience manufacturing heat sinks since 2000. We supplied heat sinks to customers other than the Foxconn Companies throughout the Track Record Period, and expect to continue to do so in the future.

For the years ended September 30, 2010, 2011 and 2012, our aggregate sales revenue from the Foxconn Companies amounted to HK$107.2 million, HK$786.2 million and HK$1,113.0 million, respectively, accounting for 7.9%, 37.6% and 45.7% of our total sales revenue for the same periods, respectively. Both increasing trends are attributable to the enlarged orders for the plates and unibody chassis since 2011.

Since the Foxconn Companies are a major customer to us, we have granted it credit periods. We extended our credit term granted to the Foxconn Companies from 45 days to 60 days on September 1, 2011 and further to 90 days on December 1, 2011 as our trade relationship with the Foxconn Companies continued to strengthen. As of September 30, 2010, 2011 and 2012, we had aggregate trade receivables from the Foxconn Companies of HK$26.4 million, HK$152.9 million and HK$415.3 million, respectively, accounting for 7.3%, 29.2% and 51.0% of our total trade receivables as of the same dates, respectively. The increasing trends are in line with our significantly increased sales to the Foxconn Companies and the longer credit term.

Sales contracts

We have historically supplied products to the various Foxconn Companies under individual orders. Over time, as the volume of products supplied increased substantially and we commenced relationships with new Foxconn Companies, we continued to transact such business under individual orders. We did not enter into any formal agreement with the Foxconn Companies prior to July 2011.

In July 2011, we entered into a five-year agreement with the Foxconn Companies, automatically renewable on one-year terms unless otherwise agreed to prior to expiry or terminated for cause according to its terms. As advised by Jingtian & Gongcheng, our PRC legal advisers, the agreement is legally binding upon both parties. It does not specify the types or quantities of products to be transacted, nor does it include any pricing terms or minimum purchase requirements on the Foxconn Companies. It is legally binding insofar as it establishes the mechanism through which we may consummate individual sales transactions with them, with various undertakings and subject to certain other obligations binding on us or the Foxconn Companies. The key legally binding undertakings and requirements under which individual sales transactions are to be conducted and commercial provisions under the agreement include:

- *Transaction mechanism.* From time to time, the Foxconn Companies may send us "demand estimates" with respect to their estimated purchase requirements for the next 12 weeks or another mutually agreed future period. Based on such demand estimates, they may issue to us purchase orders, followed by more specific delivery notices, which will contain order details such as product codes and specifications, quantity, price, delivery terms and payment terms. Such purchase orders and delivery notices complement the agreement and create a binding obligation on the Foxconn Companies to purchase our products for the respective orders. The Directors confirm that, as of the date of this prospectus, there is no material decrease in overall demand estimates from the Foxconn Companies to the Company.

- *Quality assurance*. With each delivery of products, we are required to have performed an internal quality inspection, and the Foxconn Companies have the right to perform their own quality inspection pursuant to specified standards.

- *Intellectual property*. Any drawings, designs, formulae, tools, equipment and other materials relating to the products to be supplied to the Foxconn Companies provided by the Foxconn Companies to us necessary for the manufacture of such products, together with any property and intellectual property rights involved, are to remain the property of the Foxconn Companies. Unless necessary for the manufacture of such products, without the prior written consent of the Foxconn Companies, we are prohibited from supplying such intellectual property materials to third parties for their use or benefit or from disposing of such materials; we are required to return such materials to the Foxconn Companies immediately and unconditionally upon their request. We agree to license to the Foxconn Companies and their clients all intellectual property rights (if any) contained in the products we supply to them on a permanent, irrevocable, unassignable and royalty-free basis. We also undertake that the products we supply to the Foxconn Companies will not infringe upon the intellectual property rights of any third party.

- *Environmental protection undertaking*. We undertake that the products we supply to the Foxconn Companies, including raw materials, parts, work-in-progress, final products and ancillary materials, will comply with applicable environmental laws, the latest environmental standards published by the Foxconn Companies and/or the environmental standards required by the customers of the Foxconn Companies, as amended from time to time. The Foxconn Companies have the right to perform unannounced inspections on our environmental protection facilities. The Foxconn Companies did perform such inspections, and the results were favorable.

- *Corporate social responsibility undertaking*. We undertake to abide by corporate social responsibility requirements as included in various guidelines published by certain international organizations, the Foxconn Companies and the Electronic Industry Citizenship

Coalition, an initiative supported by many of the world's leading electronics companies to promote social responsibility in the industry's supply chain.

As advised by Jingtian & Gongcheng, our PRC legal advisers, in accordance with the PRC Contract Law (《中華人民共和國合同法》) and the agreement, in the event of breach by either party of the provisions of the agreement, the breaching party shall be liable for any damages; any breach by us may entitle the Foxconn Companies to rescind in full or in part purchase orders and/or delivery notices already issued to us; and, if a material breach by either party is not rectified within a specific time period, the non-breaching party may terminate the agreement and the purchase orders and delivery notices issued under the agreement.

Future plans

Going forward, we believe we will maintain a strong and stable business relationship with the Foxconn Companies. We expect to supply to the Foxconn Companies the following types of products.

Unibody chassis for multimedia tablets. We expect to continue to fabricate the aluminum unibody chassis for the popular multimedia tablets by the leading global designer to supply to the Foxconn Companies. Since March 2012, we have purchased an additional 225 CNC machining centers, which are the machinery used to process certain fine electronics components, including the unibody chassis. We have devoted a large portion of the additional CNC machining centers to the fabrication of such unibody chassis, increasing our capacity from an annualized 43.4 million units as of September 30, 2012 to 45.7 million as of the Latest Practicable Date.

Plates for multimedia tablets and laptop computers. We expect to continue to supply the Foxconn Companies with aluminum plates for their further in-house fabrication of aluminum unibody chassis for the popular multimedia tablets as well as the popular laptop computers they assemble for the leading global consumer electronics designer.

Heat sink products. We expect to continue to supply the Foxconn Companies with various models of heat sink products destined for personal computers and game consoles under many of the world's famous electronics brands. In addition, we began testing and trial operation of a third production plant in Zengcheng, Guangzhou in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies, which represents a new operation for us. We have been gradually increasing production and we expect orders from the Foxconn Companies for heat sink products to be stable in the near future.

New products. Based on ongoing mutual discussion and understanding, we currently have preliminary plans to manufacture certain new products to supply to the Foxconn Companies for their further assembling of various end-products for the leading global consumer electronics designer, including aluminum cases and stands for integrated desktop computers and aluminum unibody chassis for the popular laptop computers. These future plans will require substantial capital expenditures, which we plan to partially fund by a portion of the proceeds from this Global Offering.

As the volume of purchase orders from the Foxconn Companies continues to grow, and as we supply an increasing variety of products to the Foxconn Companies, we believe that we have become an increasingly important supplier to the Foxconn Companies, particularly with respect to certain end-products by the leading global designer. For example, the Foxconn Companies estimate that the aluminum unibody chassis and plates supplied by us for purposes of the multimedia tablets accounted for over 50% of such devices assembled by the Foxconn Companies since the year ended September 30, 2011. As such, in the context of a fast-paced global consumer electronics supply chain calendar, we believe our business relationship with the Foxconn Companies, particularly with respect to end-products by such leading global designer, will remain stable and continue to strengthen. In addition, since the selling prices of the products we supply to the Foxconn Companies are set at the beginning and only adjusted periodically in accordance with movements in the benchmark aluminum ingot price on a rolling basis, as described in "—Customers, Sales, Marketing and Distribution—Pricing and Sales" below, we believe the pricing levels and profit margins of the products we supply to the Foxconn Companies will remain stable. We confirm that, as of the Latest Practicable Date, there was no indication from the Foxconn Companies to request that we lower the prices of our products other than pursuant to the agreed price adjustment mechanism, and we had no reason to believe that the Foxconn Companies would make such request.

We believe that the Foxconn Companies are in good financial health and therefore likely to have continued and sustained demand from their own customers. In addition, we believe the diversity in the product types we supply will contribute to the stability of future sales orders from the Foxconn Companies, since the demand for each type of end-product is subject to its own market forces.

We believe our relationship with the Foxconn Companies has significantly contributed to our transformation from a traditional aluminum extruder to a diversified aluminum product manufacturer with an edge in the consumer electronics sector. In the process, we believe we have accumulated valuable experience and technical expertise with respect to high-precision and high-quality aluminum products and established name among recognition in the industry, particularly the consumer electronics sector. We believe we are among a few manufacturers in our industry in China that employ the advanced CNC machining centers to produce aluminum parts for some of the world's most popular consumer electronic devices on a large scale. If, however, there should be any unforeseen decrease in purchase orders from the Foxconn Companies, we intend to carry out a number of contingency measures to seek cooperation with other manufacturers in the broad consumer electronics industry to supply high-precision aluminum parts. We have kept ourselves appraised of the latest developments in the aluminum industry and of our potential customer base by, for example, reaching out to and keeping regular contacts with various industry players and commercial partners from time to time and attending or hosting industry events, conferences and exhibitions. We intend to continue this practice and identify new markets or new customers that may be of interest to us, which we will carefully assess. With our history operating in the aluminum industry, and with the experience of our management (in particular, Mr. Marcus Pan's over 21 years of experience in the aluminum industry), we are aware of viable alternative business opportunities. We are confident that we would be able to establish alternative customer relationships in the Electronic Parts segment based on our technical expertise and experience, existing large-scale production capacity (particularly CNC processing capacity) and our reputation and track record as a supplier to the Foxconn Companies. Our relevant production facilities (including machinery purchased from the Foxconn Companies) are capable of being re-programmed and re-deployed to produce the alternative products for new customers. CNC machining centers are versatile and used in a wide range of industries, including electronics (e.g., casings and chassis of multimedia tablets, mobile phones, camera parts and computer hard disk parts), automobile and medical equipment. They can also process materials other than aluminum (such as alloys of magnesium, copper, brass, bronze and tin as well as timber, plywood, fiber boards and plastic), with a new set of drill and related components and computer programming.

Purchase of machinery

In establishing our CNC plant, we purchased a portion of our CNC machining centers from the Foxconn Companies in 2011. Pursuant to the 2011 machinery purchase agreement, the Foxconn Companies are obligated to provide one-year free after-sale technical assistance to us with respect to such machinery, including training our staff and providing regular hardware and software updates and repair and maintenance.

As part of our plan to expand our CNC processing capacity, we purchased additional CNC machining centers from the Foxconn Companies in 2012. The 2012 machinery purchase agreement also contains terms under which the Foxconn Companies will provide limited after-sale technical assistance to us with respect to such machinery. In addition, the Foxconn Companies undertake to order from us aluminum parts fabricated using the CNC machining centers under the 2012 machinery purchase agreement for three years, provided that (i) their in-house capacity is insufficient to process relevant orders they have received; (ii) our capacity is sufficient; and (iii) the price of our CNC Products is lower than their in-house production cost. As we understand that the Foxconn Companies substantially reduced their relevant in-house CNC production capacity as a result of their sale of CNC machining centers to us, and as we believe our ability to smelt and reuse the scrap aluminum created as a by-product of our production processes provides us with a significant cost advantage compared to the Foxconn Companies' in-house production, we believe that the above conditions are satisfied. As advised by Jingtian & Gongcheng, our PRC legal advisers, according to the 2012 machinery purchase agreement, in the event of a breach of this undertaking, the Foxconn Companies shall indemnify us for any of our loss incurred therefrom and be obliged to continue to perform the agreement. We believe this undertaking is an indication of our deepening business relationship with the Foxconn Companies and, as part of our business development efforts, we continue to discuss with the Foxconn Companies on an ongoing basis information regarding their in-house production cost and capacity to ensure fulfillment of the conditions. We believe the relevant facts on capacity and cost constitute the economic basis for the Foxconn Companies' partial outsourcing of the relevant production to us. However, the Foxconn Companies' orders of Electronics Parts from us are not made *pursuant to* this undertaking, and even if the conditions to the undertaking are not met, the Foxconn Companies may continue to order from us on a discretionary basis, as they have done since the commencement of our business relationship with them.

The CNC machining centers we purchased from the Foxconn Companies are slightly used, for up to 18 months. The pricing terms are on a normal commercial basis, reflecting a discount of accumulated depreciation from the original cost. Generally, a CNC machining center has a useful life of more than 10 years. The CNC machining centers we purchased from vendors other than the Foxconn Companies are brand new and the pricing terms are also on a normal commercial basis. We enjoy one-year free repair and maintenance for all of our CNC machining centers, and expect the repair and maintenance cost of our CNC machining centers to be low after the free period. We are not, and we do not expect to be in the future, entitled to any government tax benefits relating to our CNC machining centers.

Our machinery purchase agreements with the Foxconn Companies are distinct from the five-year supply agreement of Electronics Parts. We are not obligated to deploy machinery purchased from the Foxconn Companies to exclusively manufacture products to supply to the Foxconn Companies. Our machinery, including CNC machining centers currently deployed to process electronics parts to supply to the Foxconn Companies, can be re-deployed as we may decide within a short period of time to produce similar or different products that require processing of a similar technical nature for other customers and for other types of end-products. For example, a CNC machining center can be re-programmed to process aluminum products of a new set of specifications, and the re-programming will require from a few days to a week, depending on the complexity of the new specifications. Thus far, however, we have only used our CNC machining centers to process parts for the Foxconn Companies to be used in the products of a leading global consumer electronics designer.

Branded OPLV Products

Our Branded OPLV Products include mid- to high-end door and window frames primarily targeting end-customers in the residential property decoration and remodeling market in China. Our Branded OPLV Products are primarily marketed under our "OPLV" ("澳普利發") brand and sold through our OPLV Distributors in China. Some of our Branded OPLV Products are sold directly to end-customers, generally through referral from OPLV Distributors.

Due to China's large geographical expanse, the end-customers of our Branded OPLV Products are located in different regions of very different climates and require varying functionalities from our Branded OPLV Products. For example, double windows are standard in the North, where the winter is colder and longer, but are rare in the South. Waterproof characteristics in our products cater to our customers in the South, where humidity is higher. In addition, our clientele in different regions may have different aesthetic tastes. Our R&D and sales teams work closely together to identify such differences in customer preference and constantly apply design changes to our Branded OPLV Products.

We design, produce and sell our Branded OPLV Products as ready-to-install, integrated systems. With respect to each design, we manufacture the aluminum extrusion frames and select, from third-party suppliers, accessories, such as bars, hinges, tracks, handles and rollers, that we believe work best together with our aluminum extrusion frames, both functionally and aesthetically, and package and sell them together on a per unit basis, measured by square meters. This represents a departure from the conventional pricing mechanism in the aluminum extrusion industry, by which aluminum door and window frames are sold in bulk and priced on the weight of aluminum content. We believe this approach helps differentiate our Branded OPLV Products from competition.

With our Branded OPLV Products, we have abandoned the traditional weight-based pricing practice in favor of per unit pricing, measured by square meters. We believe that the shift to per unit pricing reflects the fact that our Branded OPLV Products are designed and sold as systems rather than standardized bulk supplies for interior decoration. We believe that as systems our Branded OPLV Products offer our customers and end-customers more value, and we believe the per unit pricing of these products allows us to reflect such value in price. Our OPLV Distributors purchase from us at agreed discounts to our suggested retail prices, which are subject to adjustment by us. These discounts vary depending on the spot market price of aluminum ingots, and we may increase or decrease the discount to reduce the impact of price fluctuations on us. We sell our Branded OPLV Products primarily through our OPLV Distributors under contractual arrangements, which are described in more detail below.

Relationship with Our OPLV Distributors

We sell our Branded OPLV Products primarily to our OPLV Distributors in China, who either further distribute these products to sub-distributors or operate retail stores to sell them to end-customers directly. Our OPLV Distributors may also refer end-customers to us to make direct purchases of Branded OPLV Products. Our end-customers are primarily household users. We select our OPLV Distributors based on their industry experience, demonstrated sales capability, financial condition, creditworthiness and compatibility with our vision and business strategies. With respect to each OPLV Distributor, we enter into a number of standard contracts, or OPLV Distribution Agreements, that govern our relationship. We do not have long-term contracts with our OPLV Distributors, and we typically negotiate and enter into distribution agreements with them for terms ranging from 12 to 58 months, renewable by mutual agreement and unilaterally terminable by us upon the occurrence of specified breaches by the OPLV Distributors.

The key commercial provisions of our OPLV Distribution Agreements include:

- *Designated sales region.* We typically designate one OPLV Distributor to operate in one sales region, which typically comprises the administrative area of a city, and our OPLV Distributors are prohibited from making sales outside their respective sales regions, although very occasionally we may make exceptions upon request by our property developer or construction contractor customers on the basis of our business relationship with them.

- *Minimum purchase targets.* We generally require a new OPLV Distributor to commit to developing a guaranteed minimum number of sub-distributors or retail stores and making a guaranteed minimum annual purchase from us for distribution in its designated sales region, failing which we may engage another distributor for that region. We do not have the right to inspect our OPLV Distributors' sales reports under our OPLV Distribution Agreements.

- *Payment.* We require that a certain percentage of the price for each purchase order, typically 20%, be paid in advance as is normal practice in our industry, with the rest of the purchase price paid upon delivery. Our sales to our OPLV Distributors are final, and we recognize revenue upon delivery of our products.

- *Returns.* We are not subject to any right of return or sell-back, guarantee of minimal resale value or other similar right of our OPLV Distributors that would place on us any residual risk of ownership with respect to the goods sold, or obsolete stock held by our OPLV Distributors. We may accept exchange requests from our OPLV Distributors for quality reasons in the normal course of business.

- *Non-compete.* Our OPLV Distributors may also distribute other products, but may not, subject to case-by-case exceptions, distribute products by other manufacturers which may compete with ours.

- *Inventory reports.* We have the right to obtain inventory reports from our OPLV Distributors upon request, though we typically do not make such requests as all sales are final and on a cash basis.

We have an obligation to supply to our OPLV Distributors according to their purchase orders confirmed in writing by us.

The following table sets forth our sales and exchanges of Branded OPLV Products during the Track Record Period.

	Year ended September 30,		
	2010	2011	2012
	(HK$ in thousands)		
Sales of Branded OPLV Products	129,397	182,705	258,199
Value of Exchanged Branded OPLV Products	637	250	549

Each of our OPLV Distributors is an Independent Third Party and is not our agent, partner or employee. We believe that the distributorship model, while not a norm in this industry in China, has helped us market our Branded OPLV Products cost-effectively because it relieves us from incurring set-up and overhead costs associated with establishing a retail network in a large country like China.

The following table sets forth the turnover in the number of our OPLV Distributors during the Track Record Period:

	Year ended September 30,		
Number of OPLV Distributors	2010	2011	2012
Beginning of period	203	424	589
Additions	227	248	133
Terminations	(6)	(83)	(145)
End of period	424	589	577

The following table sets forth the age profile of our OPLV Distributors as of the dates indicated:

Number of OPLV Distributors	As of September 30, 2010	2011	2012
Relationship less than 1 year	227	248	133
Relationship between 1-2 years	170	222	235
Relationship 2 years and above	27	119	209
Total	424	589	577

We began to develop our OPLV distribution network in the year ended September 30, 2008 and rapidly expanded the network. We continued the rapid expansion over the year ended September 30, 2010 with a net increase of 221 OPLV Distributors. For the year ended September 30, 2011, we grew our OPLV distribution network at a more stabilized rate of 39%, with a net increase of 165 OPLV Distributors. For the year ended September 30, 2012, we had a net decrease of 12 OPLV Distributors from 589 to a total of 577 as we consolidated our distribution network by discontinuing relationships with underperforming distributors and solidifying relationship with long-term distributors. As illustrated above, the number of distributors with which we had a relationship of two years and above increased from 119 as of September 30, 2011 to 209 as of September 30, 2012, during which period our OPLV Product sales also improved.

As an incentive, we grant monthly rebates to our OPLV Distributors based on cumulative purchase volumes in the preceding month. Such rebates typically amounted to around 13% on average during the Track Record Period based on order amounts. We net off the rebates from the revenue of Branded OPLV Product sales. We may also provide marketing assistance to our OPLV Distributors. We make regular visits to our OPLV Distributors, typically twice a month, and assess their performance on a number of criteria, including inventory level, market reputation and others.

Construction and Industrial Products

Our Construction and Industrial Products primarily include exterior and interior decoration components and materials for residential and office buildings and other architectural structures, including curtain wall systems, panels, louvers, mullions, grilles, sunscreens, canopies and door and window frames (similar in nature to our Branded OPLV Products to an extent but designed, marketed and sold differently, particularly as our Branded OPLV Products are designed and sold as integrated systems). Our Construction and Industrial Products are sold with mill finish or complex finishes that require multiple steps of surface processing, including anodized finish, wood-effect coating, electrostatic coating, powder coating and fluorocarbon spray coating.

We target mid- to high-end hotels, residential developments and other real estate projects in China, Hong Kong and our overseas markets. Our products have been used in some major construction projects and other major hotel and residential development projects in Hong Kong, Macau and China. Going forward, we intend to continue to bid for such large construction projects.

Our Construction and Industrial Products also include plain, resizable, large-section and high-precision aluminum profiles as parts and components of products used in various other industries, including medical devices, toys, home appliances, furniture and automobiles. All such products are manufactured on a customized basis in accordance with our customers' specifications. We expect to continue to develop new types of industrial products as technologies and market trends evolve, with a focus on high-precision products such as advanced medical devices, bicycle and automobile parts and solar panel frames.

As an industry practice, the price of aluminum extrusion products is determined on a "cost-plus" basis, comprising the price of aluminum per kilogram at prevailing benchmark rates and a negotiated per kilogram processing fee. We follow the industry practice and price our Construction and Industrial

Products on a weight-based "cost-plus" basis. See "—Customers, Sales, Marketing and Distribution—Pricing and Sales" below.

Relationship with P & O Group and Oceanic

Disposals

In the past, we had certain subsidiaries in Australia, which included P & O Group and Oceanic, through which we conducted our sales of Construction and Industrial Products to Australia. In 2009, due to a strategic shift of our business focus to the Greater China market, we sold all of our holdings in P & O Group and Oceanic.

Immediately before the disposal of these subsidiaries, P & O Group was wholly owned by us and wholly owned P & O Rolled Products and five other operating subsidiaries in Australia; Oceanic was held as to 75% by Super Result Limited ("Super Result"), a company wholly owned by us. The remaining 15% and 10% of Oceanic were held by Flying Century Limited and Win Win Way Limited, respectively, which we understand were wholly owned by Mr. Martin Yunzhong Chen, a director of P & O Group, P & O Rolled Products and Oceanic.

P & O Group, Oceanic and P & O Rolled Products are trading companies that purchase products from us and on-sell the products to customers in Australia. We understand that such customers include building materials distributors and manufacturers in the window and door, caravan, security system, automobile and railroad industries. None of these customers have any past or present shareholding, family and trust relationship with our Company, our subsidiaries, our Directors, Shareholders, senior management or any of their respective associates.

We sold Super Result to Mr. Li Shuxiong on May 31, 2009, P & O Rolled Products to Smart Decision Trading Limited ("Smart Decision") on December 30, 2009 and P & O Group to Joy Group Pacific Limited ("Joy Group") on December 31, 2009, as further described below. Mr. Li is a cousin of Mr. Marcus Pan and at the respective time of disposal, according to our knowledge, Smart Decision was owned by Mr. Li, Mr. Liu Zhifen, a director of P & O Group, and Zealweek Pty Limited, an Independent Third Party, as to 35%, 35% and 30%, respectively, and Joy Group was wholly owned by Mr. Liu.

On May 31, 2009, PanAsia Enterprises (BVI) transferred all its interest in Super Result to Mr. Li at a consideration of A$312,672, which was determined with reference to the net book value of Super Result at the time of such transfer, and settlement of shareholders' loan of US$575,142. We understand that Mr. Li subsequently sold Super Result to Joy Group on December 31, 2009, as a result of which both P & O Group and Oceanic were owned by Joy Group which was in turn owned by Mr. Liu.

On December 30, 2009, P & O Group transferred its entire interests in P & O Rolled Products to Smart Decision at a consideration of A$10,000, which was determined after arm's-length negotiations based on the business operations of P & O Rolled Products at that time in Australia as its net book value was negative at the time of such transfer.

On December 31, 2009, PanAsia Enterprises (BVI) transferred all the issued shares of P & O Group to Joy Group at a consideration of A$300,000, which was determined after arm's-length negotiations based on the then business operations of P & O Group (including its five remaining operating subsidiaries in Australia) as its net book value was negative at the time of such transfer.

Given that at the time of disposal, P & O Rolled Products and P & O Group were indebted to PanAsia Enterprises (BVI) in the amount of approximately HK$177 million, certain share buy back agreements were entered into among the respective parties on the same day of such sales ("Share Buy Back Agreement(s)"), pursuant to which Smart Decision and Joy Group agreed, among others, not to create any encumbrance on or sell or dispose of the shares of P & O Rolled Products and P & O Group, respectively. Further, a right of first refusal was granted by Smart Decision to P & O Group and Joy Group to PanAsia Enterprises (BVI). In the event of an offer to purchase the shares of P & O Rolled Products or P & O Group being tendered by a third party, P & O Group or PanAsia Enterprises (BVI), as the case may be, is entitled to buy back the respective shares of P & O Rolled Products or P & O Group, on terms which are no less favorable than those offered by such third party. The Share Buy Back Agreement entered into among Joy Group, PanAsia Enterprises (BVI) and P & O Group were subsequently cancelled on March 8, 2010 following our refusal to Joy Group to buy back the shares of P & O Group as a result of an offer to purchase the shares of P & O Group being tendered by a third party. We understand that Joy Group was subsequently sold by Mr. Liu to an Independent Third Party on July 30, 2010. As we had disposed of P & O Group to Joy Group on December 31, 2009, we no longer have any interest under the Share Buy Back Agreement in respect of PanAsia Rolled Products after such disposal. We understand that Mr. Liu and Mr. Li had sold all their interests in Smart Decision to such Independent Third Party in July 2010 and January 2012, respectively. We understand that as of the Latest Practicable Date, this Independent Third Party, through its interests in Joy Group and Smart Decision, was interested in the entire equity interests in P & O Group and Oceanic and 70% of the equity interest in P & O Rolled Products. Mr. Liu was re-employed as the general manager of one of our subsidiaries from August 2010 until his resignation in early 2012.

Continuing trade relationship

Concurrent with the sale of P & O Group, we entered into an exclusive supply agreement with Joy Group (then wholly owned by Mr. Liu), the buyer, and the local subsidiaries of P & O Group, pursuant to which we agreed to sell to them, and they agreed to purchase exclusively from us, aluminum-related products for a period of 10 years. Due to the large amount of intra-group receivables due from these companies at the time of disposal, and because these former subsidiaries had previously only been supplied by us, we requested that they enter into the exclusive supply agreement to protect our interest. In return for the exclusive supplier status, we granted favorable credit terms of 90 days to these companies. Shortly after the disposal, in January 2010, in order to secure timely and full payment, we also entered into (i) a deed of debenture pursuant to which all of the assets of Joy Group were charged in favor of us to secure trade debts owed to us by Joy Group and the local subsidiaries of P & O Group as of the date of the debenture, (ii) a deed of guarantee and indemnity pursuant to which Joy Group guaranteed all debts due to us from P & O Group and to indemnify us against losses arising from the exclusive supply agreement, and (iii) a deed of charge pursuant to which P & O Group and the local subsidiaries of P & O Group charged all their assets to us. As of July 2010, Joy Group's obligations under the debenture, the guarantee and indemnity and the charge were released and discharged, as we confirmed that the relevant trade debts had been fully settled in cash.

In May 2010, the exclusive supply agreement was varied so that P & O Group would no longer purchase aluminum extrusions from us exclusively, and we continued to sell our products to it on a non-exclusive basis. The removal of the exclusive trade relationship was requested by P & O Group, as the Australian government began to impose anti-dumping and countervailing duties on our products exported to Australia, which were payable by the importers of our products such as P & O Group, creating a hardship for P & O Group. For the five months ended May 31, 2010, which is the period when we supplied P & O Group on an exclusive basis, we made sales to P & O Group of HK$165.7 million. After the termination of the exclusive trade relationship, we made sales to P & O Group of HK$91.5 million, HK$351.1 million and HK$368.0 million for the four months ended September 30, 2010 and the years ended September 30, 2011 and 2012, respectively. Our sales to P & O Group generally increased despite the termination of exclusivity, as P & O Group chose to continue to purchase from us. Even though the anti-dumping and countervailing duties were levied on the importers of our products rather than us, they effectively increased the prices of our products and put us at a disadvantage relative to local producers. For a detailed analysis on the duties' impact on our exports of Construction and Industrial Products, see "Financial Information—Key Factors Affecting Our Results of Operations—Anti-dumping and countervailing duties" and "—Combined

Statements of Comprehensive Income—Revenue" on page 172 and 180, respectively, in this prospectus.

Concurrent with the sale of P & O Group, at the request of the buyer who wished to maintain business continuity despite the change of ownership, we also granted the buyer a non-exclusive license so that P & O Group could continue to use the trade name "PanAsia." Under the license agreement, we charged the buyer a monthly license fee equal to 1% of its monthly turnover. The rate was adjusted to 0.1% of the buyer's monthly turnover by mutual agreement on April 1, 2010, also in the wake of the imposition of anti-dumping and countervailing duties on our exported products to Australia that negatively affected P & O Group. The licensing arrangement continued for a period, when P & O Group continued to conduct trade relationships with its customers under the PanAsia name while beginning to purchase products from other manufacturers following the variation of the exclusive supply agreement with us. It was then terminated in September 2011 by mutual agreement that there was no longer a strong business rationale for it and that P & O Group would use another trade name. P & O Group changed to its current name in October 2011. We received total license fee income during the Track Record Period of HK$1.4 million from this arrangement with P & O Group.

Prior to the disposals, we conducted considerable business through P & O Group and Oceanic. For the year ended September 30, 2010, we derived HK$15.0 million in profit from sales conducted by P & O Group (for three months only, since we disposed of P & O Rolled Products, a subsidiary of P & O Group, and the rest of P & O Group in a series of transactions at the end of December 2009). Additionally, based on our understanding of the operations of the P & O Companies, the Joint Sponsors' due diligence work and advice received by us from the P & O Companies, we believe our sales to the P & O Companies are backed by actual orders from their customers.

The P & O Companies are currently one of our major customers and we derive a significant portion of our revenue from sales to the P & O Companies. For the years ended September 30, 2010, 2011 and 2012, our revenue derived from sales to the P & O Companies amounted to HK$402.0 million, HK$624.0 million and HK$629.1 million, respectively. For the same periods, our gross profit from sales to the P & O Companies was HK$104.3 million, HK$181.8 million and HK$163.2 million, respectively, resulting in gross profit margins of 26.0%, 29.1% and 25.9%, respectively. For the same periods, the gross profit margins of sales to other customers in Australia were 35.3%, 48.5% and 42.3%, respectively.

The table below sets forth a profitability analysis of our sales to the P & O Companies and other customers in Australia by timing and by the various product types as indicated.

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Gross profit and gross profit margin of Australia sales						
Prior to imposition of duties						
All goods	121.7	30.8%	—	—	—	—
Post imposition of duties						
Ready-for-sale goods (not subject to duties)	9.2	48.9%	44.3	52.2%	38.6	44.8%
P & O Companies	—	—	—	—	—	—
Other customers	9.2	48.9%	44.3	52.2%	38.6	44.8%
Semi-finished goods (not subject to duties)	8.3	9.9%	47.2	17.6%	64.6	22.7%
P & O Companies	8.3	9.9%	41.7	16.2%	59.6	22.2%
Other customers	—(1)	23.8%	5.5	49.5%	5.0	30.5%
Goods subject to duties	62.9	34.5%	143.0	37.7%	103.9	28.7%
P & O Companies	54.6	37.0%	140.0	38.2%	103.6	28.7%
Other customers	8.3	24.1%	3.0	23.8%	0.3	27.3%
Total	202.1	29.8%	234.5	32.0%	207.1	28.3%

Note:
(1) Less than HK$50,000

The gross profit margins for other customers in Australia in the year ended September 30, 2011 were high primarily because (i) we began to sell assembled, "ready-for-sale" products to Australia not subject to the anti-dumping and countervailing duties as a response to the duties and (ii) the prices included consultancy fees in relation to new product development, packaging, logistics and related arrangements. Additionally, the gross profit margins for sales to our former subsidiaries in Australia were not as high as for other customers due in part to volume discounts that we provide to the P & O Companies for their large-scale purchases of our product, and because the P & O Companies act as an Australian distributor for our products, on-selling semi-finished products to other Australian manufacturers, whereas most of our other customers in Australia purchase finished goods for sale to end-customers. We introduced the volume discounts in the year ended September 30, 2010 as we changed our business model in Australia by disposing of our former subsidiaries and the P & O Companies began to purchase our products as a customer in large quantities. The volume discounts are determined on a quarterly basis as a percentage of our processing fee, following a progressive schedule tied to the sales volume of the previous quarter and adjusted by the complexity of our processing, which ranged between 10% to 40% during the year ended September 30, 2010. During the following year that ended September 30, 2011, we lowered the levels of the volume discounts and capped them at 15% so that the sales prices of our products exported to Australia could comply with the anti-dumping and countervailing rulings that had been imposed by the Australian authorities. For the years ended September 30, 2011 and 2012, the volume discounts ranged from 5% to 15% and 5% to 10%, respectively. During the Track Record Period and up to the Latest Practicable Date, such volume discounts only applied to the P & O Companies and not to other customers, whose order volumes were smaller. The gross profit margin for sales to other customers in Australia decreased in the year ended September 30, 2012 as market competition increased and consultancy fees decreased after the consultant became less involved following the introduction of new products. We understand from the P & O Companies that their performance has been in line with the general aluminum extrusion industry in Australia, which has contracted during the Track Record Period.

As a major customer, we grant the P & O Companies a credit term of 90 days. As of September 30, 2010, 2011 and 2012, we had trade receivables due from the P & O Companies of HK$247.3 million, HK$284.8 million and HK$348.7 million, respectively. As of the same dates, HK$121.8 million, HK$155.9 million and HK$225.0 million, respectively, of our trade receivables from the P & O Companies were overdue. For the years ended September 30, 2010 and 2011 and 2012, our average trade receivables turnover days for trade receivables from the P & O Companies were 112, 156 and 184, respectively. The high balances of trade receivables owed to us by the P & O Companies are attributable to a number of reasons. The 90-day credit term we grant to the P & O Companies had historically commenced from shipment, and shipping from our production base in China to Australia requires approximately 30 days, effectively shortening the time period within which the P & O Companies could sell such goods to their own customers to generate cash flow to settle the relevant trade debts with us. Additionally, we understand from the P & O Companies that the effects of its inventory policies and receivable days from its own customers have also compromised its ability to settle trade debts with us within the credit term. We understand that the P & O Companies experienced lengthened receivable days from some of its customers in the construction industry in Australia where market conditions were challenging during the relevant time. For details on our trade receivables due from the P & O Companies, see "Financial Information—Current Assets and Current Liabilities Analysis—Trade Receivables—Net" on page 197 of this prospectus.

Our Production Facilities

All of our production facilities are located in Zengcheng, Guangzhou, Guangdong Province, China. Our main plant occupies a site area of approximately 129,133 square meters. We commenced production in our main plant in 1998. As our business continues to grow, we will continue to monitor our exposure to business disruption risks in our production base, and may formulate business continuity or disaster recovery plans that are commensurate with the size and nature of our business. We monitor the availability of the labor supply to prevent disruption to our business and work with our third party staffing company to ensure sufficient workers are available. We also maintain electric power generators to mitigate the effects of any power supply disruption.

All of our products except our CNC Products are manufactured through the aluminum extrusion facilities in our main plant. As of September 30, 2012, we had an annualized aluminum extrusion capacity of 108,000 MT. The following table sets forth details of our production capacity, production volume and utilization rate of our main plant during the Track Record Period:

	Year ended September 30,		
	2010	2011	2012
	(MT, except percentages)		
Production capacity(1)	65,000	85,000	108,000
Production volume	51,579	68,587	88,510
Utilization rate(2)	79%	81%	82%

Notes:

(1) Calculated as the maximum aggregate extrusion capabilities of our extrusion lines on the basis of 22 hours a day (two worker shifts), 26 days a month in the relevant period.

(2) Equals total actual production volume divided by total capacity.

The following table sets forth number of units and total capacity of our principal production equipment in our main plant as of September 30, 2012 and approximate utilization rates during the Track Record Period:

Production equipment	Number of units	Total capacity[1]	Approximate utilization rate during the Track Record Period[2]
		(MT)	(%)
Smelting furnace	7	114,885	95
Casting machinery	4	114,885	95
Oxidization tanks	13	25,000	43
Aging furnace	14	108,000	78
Aluminum extrusion press	22	108,000	84
Profile shaping machinery	5	10,000	77
Oil-coating line	1	5,000	56
Powder-coating line	3	15,000	93
Chromium line	1	20,400	84
Polishing machinery	2	2,000	36
Precision saw line	22	52,000	68
Hole punching and bending post-processing line	32	6,000	65
Welding line	13	5,900	51
Fencing machinery[3]	2	3,000	33

Notes:

(1) Calculated as the maximum processing capacity on the basis of 22 hours a day (two worker shifts), 26 days a month.

(2) Equals total actual production volume divided by total capacity.

(3) The utilization rate of our fencing machinery is relatively low as orders requiring use of this specialized machinery are relatively infrequent.

We have a comprehensive range of 600 MT to 4,350 MT aluminum extrusion presses. Our production lines can produce large-section aluminum extrusion products of up to 450mm in length diagonally.

In October 2011, we commenced operations at a new plant, or the CNC plant, in the vicinity of our main plant to manufacture the high-precision, high-value-added CNC Products. The CNC plant occupies a site area of approximately 36,095 square meters, and was equipped with 692 CNC machining centers (excluding one for training) as of the Latest Practicable Date, of which 500 were purchased from the Foxconn Companies and the remainder were purchased from other independent suppliers. As of September 30, 2012, we had purchased and received 500 and 193 CNC machining centers from the Foxconn Companies and other independent suppliers, respectively. Pursuant to the relevant machinery purchase agreements, the Foxconn Companies have the obligation to provide us with one-year free technical assistance with respect to such machinery, including staff training and machinery maintenance. We currently devote all of the processing capacity of our CNC plant to the fabrication of the aluminum unibody chassis for the popular multimedia tablets to supply to the Foxconn Companies. As of the Latest Practicable Date, the annualized production capacity of our CNC plant was 45.7 million such chassis per year.

The following table sets forth our annualized CNC production capacity as of the dates indicated:

	As of September 30, 2012	As of the Latest Practicable Date
Number of CNC machining centers	657	692
Annualized production capacity (million units)[1]	43.4	45.7

Note:

(1) Calculated as the maximum processing capacity on the basis of 20 hours a day (two worker shifts), 26 days a month.

The following table sets forth details of our production capacity, production volume and utilization rate of our CNC plant for the year ended September 30, 2012.

	Year ended September 30, 2012
	(million units, except percentages)
Actual production capacity(1)	26.7
Actual production volume	22.0
Utilization rate(2)	82%

Notes:

(1) Calculated as the maximum processing capacity on the basis of 20 hours a day (two worker shifts), 26 days a month.

(2) Equals total actual production volume for the relevant period divided by production capacity.

We began testing and trial operation of a third production plant in Zengcheng, Guangzhou in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies. Our new capital expenditure for this factory was approximately RMB2.6 million as of September 30, 2012, which we funded with internal resources.

Our production facilities include production equipment and machinery manufactured in the United States, Japan, Germany, Italy and Switzerland as well as those in China. As part of our R&D efforts, our technicians continuously seek to make improvements to our facilities and our production processes in order to enhance production capacity and efficiency. We monitor and assess the capacity and utilization of our various production equipment on an ongoing basis and may decide to develop additional capacity to prevent constraints in any particular production procedure. There were no material production constraints due to the capacity of particular equipment during the Track Record Period.

Capacity Expansion

We purchased an additional 225 CNC machining centers for our CNC plant beginning in March 2012, of which 200 were from the Foxconn Companies and 25 were from a PRC distributor of CNC machining centers manufactured by an Independent Third Party. These 225 additional CNC machining centers employ the same technology as our other CNC machining centers. We have devoted a large portion of these additional 225 CNC machining centers to the fabrication of the aluminum unibody chassis of the multimedia tablets, expanding our CNC processing capacity to an annualized 45.7 million units of such unibody chassis. We plan to use some of these CNC machining centers to fabricate cases for miniature desktop computers in the future.

The capital expenditure is approximately RMB65.1 million for the purchase of the 225 CNC machining centers. We have so far paid approximately RMB26.3 million from March 1 to September 30, 2012 and have committed to pay the balance in 12 monthly installments. The entire capital expenditure is to be funded with internal resources. As the CNC machining centers we purchased from the Foxconn Companies had been used for up to 18 months, the purchase price was discounted to account for depreciation. We purchased the other CNC machining centers manufactured by an Independent Third Party, as the Foxconn Companies were unable to sell us a sufficient number to meet our production needs. After accounting for the discount for depreciation, the CNC machining centers manufactured by the Independent Third Party were roughly the same price as those purchased from the Foxconn Companies.

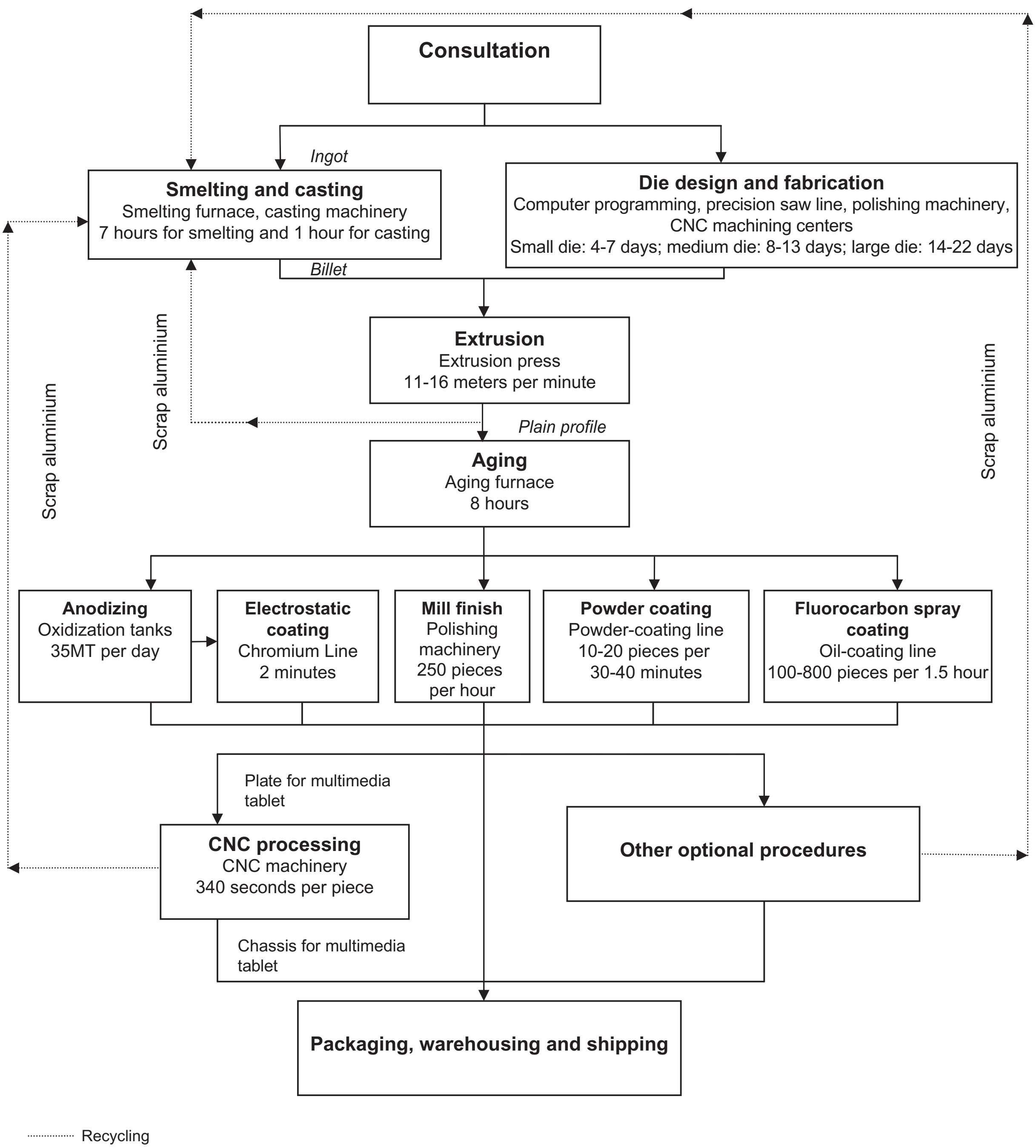
We also have a preliminary plan to expand our aluminum extrusion capacity to approximately 150,000 MT per year over approximately three years. We have not yet taken concrete steps to expand our aluminum extrusion capacity. We will disclose future expansions of our aluminum extrusion capacity in interim or annual reports. See the section entitled "Future Plans and Use of Proceeds" on page 215 of this prospectus for a discussion of further capacity expansion and other capital expenditure plans we are currently contemplating.

Our Production Process

We employ industry-standard, non-proprietary technical processes to produce most of our aluminum products. We also perform a number of special procedures to achieve particular effects as demanded by our customers.

Production Process

The following flowchart demonstrates the major steps involved in our standard multi-step production process and the production equipment and indicative lead time involved during each step.



Smelting and Casting

Apart from our Branded OPLV Products, which are manufactured according to our in-house designs without pre-sale customization, we engage in extensive consultations with the customer to understand the chemical and physical property, functional and aesthetic requirements expected of a product before we begin production. Based on the understanding, our alloy design team works with the customer to determine the most suitable aluminum alloy for the product. We then prepare the alloy by smelting raw aluminum, usually in the form of aluminum ingots or aluminum rods, mixing it with the chosen types of solutes, such as silicon and magnesium, in calculated amounts, and casting the resulting molten mixture into billets. We resize the billets to dimensions required by the final product.

In this smelting and casting procedure we employ high-precision and energy-saving smelters and production lines, which allow us to dictate precise levels of metal contents in our alloys and make easy adjustments from one batch to the next.

Die Design and Fabrication

Following the pre-production consultations, our die design team works with the customer to design and fabricate the die which will determine the shape of the extrusion. We typically make a test die first, put it to a trial run and revise the drawing according to its performance. We repeat the process until we are satisfied with the results. The success rate of our trial run of test dies during the Track Record Period was approximately 82.6%. Based on the final design, we fabricate the production dies. Our dies are usually made of steel or steel alloy, which measure up to 650mm in diameter and 450mm in thickness. We are able to fabricate various styles of multi-hole dies, including dies capable of making eight extrusions at once. As of September 30, 2012, we had a total of approximately 33,000 fabricated dies for our various product lines. We believe the tested design and workmanship of our dies help ensure consistent quality in our aluminum extrusion products and improve production efficiency.

Extrusion

Once we have prepared both the aluminum alloy and dies, we feed the aluminum alloy billets into a furnace, where they are heated to temperatures ranging between 450 and 520 degrees Celsius. We then feed the heated billets into an aluminum extrusion press, through the dies, forming aluminum extrusions of desired shapes.

Aging

We send plain aluminum alloy profiles emerging from the extrusion procedure for an age treatment in order to improve the alloy's microstructure and hence its hardness and strength. For this procedure we use furnaces that can heat the profiles to 195-205 degrees Celsius for approximately 2.5-4 hours. If the profiles do not meet required hardness and strength specifications after cooling, we either return them to the furnaces for additional aging or anneal them at 220-235 degrees Celsius, to relieve stress and improve machinability.

We have comprehensive age treatment systems which include aging furnaces and cooling equipment.

Surface Treatment

We then may coat semi-finished plain aluminum extrusion profiles in different finishes to enhance appearance and surface resistance against, depending on the treatment, abrasion, chipping, cracking, erosion, and impact. We make surface treatment choices, including mill finish, based on our customers' specific requirements. We are currently able to provide four kinds of surface processing, namely, anodizing, electrostatic coating, powder coating and fluorocarbon spray coating.

Anodizing. Anodizing is an electrochemical process where plain aluminum profiles act as anodes under a static electric current and are oxidized, which creates on their surface a thin layer of aluminum oxide. We are currently able to produce anodized layers of 10-25μm in thickness and in the color of silver, bronze, and black, depending on the requirements of our customers. Aluminum oxide is an extremely hard, durable, and weather-resistant substance that protects the underlying metal. Once anodized, the aluminum extrusion is strengthened and protected against atmospheric oxidation and corrosion.

Electrostatic coating. Electrostatic coating is an electrochemical process where anodized aluminum profiles act as either the anodes or the cathodes, depending on the technology, and an opposite static electric charge is applied to a special water-soluble acrylic paint. Undergoing electrolysis, paint droplets "swim" through their solvent to and are deposited on the surface of the aluminum profiles, forming a highly consistent and erosion-resistant coating, which has a highly glossed and polished appearance and an easily cleaned surface. We are able to produce such electrostatic coatings in thicknesses and colors desired by our customers.

Powder coating. Powder coating is a process through which powder paint is sprayed directly onto degreased, chromized and heat-dried plain aluminum profiles, which melts under heat and forms a layer of paint on the surface of the profiles. Powder coating has several advantages over conventional, liquid paint-based coatings in cost, technical complexity and environmental impact and is widely applied on building materials. With an additional procedure involving pressure and heat and membranes of decorative patterns, we can achieve a wood-effect finish on the powder coating.

Fluorocarbon spray coating. Fluorocarbon paints are paints based on fluorocarbon resins, most commonly PVDF. Fluorocarbon spray coating substantially enhances resistance to abrasion, corrosion, atmospheric oxidation and weathering, and is generally applied to our high-performance Construction and Industrial Products.

Packaging, Warehousing and Shipping

After the production process, we package the products and store them temporarily in our on-site warehouses before delivery to our customers. We deliver to our customers in China at our or their cost depending on their location. With regard to our export sales and sales to Hong Kong, we follow standard international trade practices and routinely accept FOB, CFR or CIF payments.

CNC Processing

We currently use our CNC machining centers exclusively to produce the aluminum unibody chassis for a popular multimedia tablet to supply to the Foxconn Companies. To produce CNC Products, aluminum plates are cut by our high-precision saws into required specifications, after which the plates are further processed in two stages by our CNC machining centers, which carves highly accurate shapes and hollows on the plates. Since the cutting is digitally controlled by built-in computer programs, CNC processing features a high degree of precision with low default rates. The high precision and low default rates of CNC machining centers are crucial to our production process of high-precision products, such as the multimedia tablet chassis. We have inspections at each stage to ensure conformity with our customers' design and specifications. We believe that we have accumulated know-how relating to CNC processing which, however, does not constitute any trade secret protectable by applicable PRC intellectual property laws, as advised by Jingtian & Gongcheng, our PRC legal advisers.

Other Optional Procedures

In addition to our standard production process, we also conduct other optional procedures as required by our customers' needs, such as thermal insulation.

Thermal insulation. We use two methods to thermally insulate our aluminum extrusions, including door and window frames. The first method involves polyurethane injection machines, which we use to inject liquid polyurethane into aluminum profiles, which we subsequently debridge. The solidified polyurethane separates the aluminum profiles from the outer environment and helps reduce their thermal conductivity and enhance their structural properties.

Our second method involves applying thermal barrier strips to our aluminum profiles. We first insert an aluminum profile into a knurling machine to make teeth on the inner cavity of the profile to increase the grip between the thermal barrier strip and the aluminum profile. We then insert a thermal barrier strip into the groove and feed the profile through a rolling machine to help press and fasten the profile with the thermal barrier strip.

Recycling

As a cost-efficient and environmentally friendly measure, we recycle substantially all of the scrap aluminum, as well as aluminum profiles that failed to meet the required specifications, produced in the course of our production processes by re-using it on certain of our production lines, instead of selling it at scrap price. We typically sort our scrap aluminum by quality and alloy composition prior to cleaning and smelting it for re-use.

Quality Control

We consider product quality critical to our business and have put in place quality control measures throughout our production process. Our full-time quality control team, supervised by Mr. Li Junxi, our head of production, conducts physical and chemical examinations of raw materials, work-in-progress and final products before and after each major step in our production process to ensure that they meet our quality standards and our customers' specifications. At each quality control point, raw materials, work-in-progress or final products are sample-tested and those that do not pass our tests are scrapped immediately and recycled if possible as approved by our quality control team.

As of September 30, 2012, we had 209 full-time employees on our quality control team. Our quality control personnel have training and experience in chemistry, engineering or other relevant fields.

The AQSIQ authorities at various levels in the PRC regularly inspect our plant and facilities for compliance with PRC product quality laws and regulations. The AQSIQ authority in Zengcheng, Guangzhou, Guangdong Province (廣州市增城質量技術監督局), where our plants are located, certified to us in November 2011 that since 2008 our products had consistently met the relevant product quality and technical standards in its inspections and we had never been administratively sanctioned by it for any violation of product quality laws and regulations.

We have not received any material product liability claims from customers (including their distributors and end-customers) during the Track Record Period and up to the Latest Practicable Date.

R&D

We consider strong R&D capabilities key to differentiating our products from those of our competitors and satisfying ever-evolving requirements from our customers. Our R&D efforts focus on the improvement of our manufacturing process, including alloy casting and die design technology, to enhance efficiency, reduce waste in our production process and maintain high utilization of our production facilities. These efforts cover all three of our product segments. Our R&D team also works closely with our production and sales teams to enhance our alloying and die design capabilities and expand the range of our product offerings. As of September 30, 2012, our R&D team consisted of 21 employees. We currently do no rely on or cooperate with any external parties in relation to R&D.

The table below sets out certain examples of R&D projects relating to new product designs we carried out during the Track Record Period and the corresponding expenses:

Year ended September 30,	Examples of R&D projects	Total R&D expenses for the year end (HK$ in millions)
2010	Airtight window (model: T806B) Energy-saving art door (model: Aoyun 2010) Airtight sliding window (model: P6100E) Airtight sliding door (model: M120E)	7.2
2011	Airtight sliding window (model: P4800D) Airtight sliding window (model: P4800B) Airtight window (model: T806D)	4.3
2012	Electronic locker (series: SA)	6.4

Customers, Sales, Marketing and Distribution

We sell our products to a large and diverse customer base for application in a variety of industries, including electronics, real estate and construction, medical devices and more. For the years ended September 30, 2010, 2011 and 2012, our five largest customers in aggregate accounted for 49.9%, 74.6% and 77.9% of our revenue, respectively, and our largest customer alone accounted for 28.0%, 37.6% and 45.7% of our revenue, respectively. See "Risk Factors—Risks Relating to Our Business and Industry—We have derived significant portions of our revenue from business with a few major customers, including in particular the Foxconn Companies and the P & O Companies, two groups of affiliated companies each of which we consider, collectively, as a major customer."

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material defaults by our customers.

Other than disclosed above, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in our five largest customers during the Track Record Period.

Pricing and Sales

As an industry practice, the price of aluminum extrusion products is determined on a "cost-plus" basis, comprising the price of aluminum per kilogram at prevailing benchmark rates and a negotiated per kilogram processing fee. We generally follow the Industry practice and price our products on the "cost-plus" basis by weight or, for our Branded OPLV Products and CNC Products, by unit. We quote the international LME benchmark for export and Hong Kong sales and primarily the Nanhai Lingtong for PRC sales, as Nanhai, located in Foshan, Guangdong province, is relatively close to our production base. For Construction and Industrial Products, we typically quote the benchmark price on the day we confirm the orders, except with respect to exports to Australia, where we typically quote a running 30-day average of the LME price when we confirm the orders. For the chassis (i.e., CNC Products) and plates for the multimedia tablets and laptops, we typically quote the five-day average benchmark price for the preceding week. For heat sink products, we typically quote the same-day benchmark price or the average benchmark price for the previous month. For Branded OPLV Products, we typically quote a running 30-day average of the benchmark price. The spot price of aluminum has fluctuated in the past. But since, as illustrated above, we include the price of aluminum as an inherent component in pricing our products, substantially all of the risks associated with the aluminum price fluctuation are passed on to our customers. For Construction and Industrial Products, although we do not make subsequent adjustments to the sales price, we believe our costs of inventory generally align with the average aluminum ingot price charged to our customers as we both purchase aluminum ingots and receive orders several times a week. Our average time lag in fulfilling orders is three weeks. For particularly large purchase orders, we generally immediately purchase the necessary raw materials. We determine the amount of our processing fees based on the complexity and sophistication of the product, the size of the order, our prior dealings with the customer and the overall market condition. We believe we can generally charge processing fees at a premium due to our product quality and value-added services complementary to our products.

The following table summarizes the various ways we quote benchmark aluminum ingot prices and price our different types of products:

Product Type	Benchmark price quote	Pricing method
Construction and Industrial Products		
Exports to Australia	Running 30-day average before order day	By weight
Others	Order day	By weight
Electronics Parts		
CNC Products	Five-day average for week before order day	By unit
Plates for multimedia tablets and laptops	Five-day average for week before order day	By weight
Heat sink products	Order day or daily average for month before order day	By weight
Branded OPLV Products	Running 30-day average before order day	By unit

We generally require customers of our Branded OPLV Products in China to pay us a 20% down-payment at the time of order and the full purchase price before or upon delivery, typically in cash or by bank transfer. We generally require our other customers to make payments by bank transfer payable within 45 to 90 days after delivery or by letters of credit payable at sight. We assess and provide credit terms to such customers on a case-by-case basis, taking into consideration order size, creditworthiness and prior dealing history. Such credit terms generally range from 45 to 90 days, and we currently grant only the P & O Companies and the Foxconn Companies a credit period of 90 days.

Marketing and Distribution

Currently, we pursue our sales and marketing efforts through three divisions: Branded OPLV Product sales, other domestic sales and international sales. Each division is headed by a general sales manager, who reports directly to our senior management. As of September 30, 2012, our sales and marketing teams consisted of a total of 249 employees, most of whom were employed in our Branded OPLV Product sales as required by our business model for that product segment.

We have operated in the aluminum products market for over 13 years and we believe we have a strong reputation in the industry. Our marketing efforts primarily focus on referrals from existing customers. We also attended various industrial exhibitions and seminars in China to increase publicity and brand awareness.

Export

During the Track Record Period, we sold our products to China and Hong Kong as well as export markets, including primarily Australia, Canada, the United States, South Africa and Malaysia. For the years ended September 30, 2010, 2011 and 2012, export sales accounted for 59.2%, 39.2% and 34.3% of our total revenue, respectively.

The table below demonstrates the types of products we sold to customers in our various markets during the Track Record Period.

	The PRC	Hong Kong	Australia	North America[(1)]	Others[(2)]
Electronics Parts	√	—	—	—	—
Branded OPLV Products	√	—	—	—	—
Construction and Industrial Products	√	√	√	√	√

Notes:

(1) Includes Canada and, until the year ended September 30, 2011, the United States.

(2) Include South Africa and Malaysia.

We have conducted our export sales through our former subsidiaries in Australia and Canada and, since 2006, OPAL Macao, our Macau subsidiary, which was incorporated in 2005. We have conducted our Hong Kong sales via our Hong Kong subsidiaries. The total sales we conducted via OPAL Macao expanded during the Track Record Period, as we experienced significant growth in our business to supply the Foxconn Companies with various types of Electronics Parts, a portion of which was requested by the Foxconn Companies to be conducted in bonded arrangements as described below, and as OPAL Macao had established a track record in trading activities and was accepted by the Foxconn Companies. Conducting export sales through Macau is tax-efficient for us, because our Macau subsidiary is exempted from Macau corporate income tax as a commercial offshore company in Macau, which provided a strong commercial reason for us to set up the Macau subsidiary. Such exemption is granted by the Macau Offshore Law, and shall remain applicable unless a legislative change is effected, which is not anticipated. To the best of our knowledge and belief, there is no limitation on the life of the arrangements we have adopted to conduct sales through OPAL Macau. We also benefit from administrative conveniences, such as simple re-invoicing procedures, by conducting our export sales through our Macau subsidiary. As such, we intend to maximize export sales via OPAL Macao, including eventual export sales of our Construction and Industrial Products to Australia and our other export markets and sales of certain Electronics Parts to the Foxconn Companies destined for bonded areas in China. We expect the proportion of our sales conducted through OPAL Macao to continue to grow in line with our export sales and bonded sales back to the PRC as requested by the Foxconn Companies.

We have implemented a transfer pricing policy for intra-group sales from our PRC subsidiaries, which manufacture our products, to our Hong Kong and Macau subsidiaries. Our PRC legal advisers, Jingtian & Gongcheng, based on written confirmations from Zengcheng tax authorities (the competent tax authorities with jurisdiction over PanAsia Aluminum (China)), have advised us that PanAsia Aluminum (China), our PRC subsidiary which was involved in such intra-group sales, has complied with the relevant tax requirements, has no outstanding tax liabilities, did not evade taxes and did not incur any administrative tax penalty, and the bonded sales conducted by us to the Foxconn Companies are not in violation of the relevant PRC laws and regulations, including anti-tax avoidance rules.

We have also been advised by DSL Lawyers, our Macau legal advisers, that the relevant Macau government authorities are unlikely to challenge our Macau subsidiary, OPAL Macao, on transfer pricing grounds or other reasons relating to its overseas sales transactions as long as the transactions are not denominated in Macau currency, are not executed with Macau residents and do not breach Macau anti-trust and competition rules. We confirm that we have observed, and continue to observe, these restrictions in our sales transactions involving our Macau subsidiary. DSL Lawyers, our Macau legal advisers, have advised us that, upon review of the Macau Offshore Law and regulations and code of conduct applicable to Macau commercial offshore entities affecting the activity conducted by OPAL Macao, so long as OPAL Macao does not enter into transactions in Macau, with Macau residents or in Macau currency and continues to fulfill its obligations as a Macau commercial offshore company as has been certified by the Macau Trade and Investment Promotion Institute to be the case up to date, such sales through OPAL Macau do not breach applicable Macau laws and regulations, including anti-tax avoidance rules, and are compliant with the same, because the scope of OPAL

Macao's offshore activity is economic activity dedicated to foreign markets (as is within the articles of association of OPAL Macao), pursued exclusively with non-Macau residents and by means of transactions in currencies other than the patacas, the currency of Macau. The scope of the tax exemption granted to OPAL Macao under the Macau Offshore Law covers exactly such compliant offshore activity.

Having considered the advice we received from Jingtian & Gongcheng, our PRC legal advisers, and DSL Lawyers, our Macau legal advisers, our Directors are of the view that our Group's transfer pricing policy complies with all material applicable laws and regulations in the jurisdictions where we implement such transfer pricing policy. The Joint Sponsors, having reviewed the opinions provided to the Company by Jingtian & Gongcheng, the PRC legal advisers of the Company, and DSL Lawyers, the Macau legal advisers of the Company described above, and having considered the advice from their own legal advisers, are not aware of any matter that would suggest that the transfer pricing policy of the Group does not comply with the material applicable laws and regulations in the jurisdictions where the Company implements such transfer pricing policy.

We conduct our PRC sales directly through our PRC subsidiaries, except with respect to the Foxconn Companies which request that certain products purchased from us be sold under a bonded arrangement, because their relevant operations are situated in bonded zones in China and the relevant end-products will eventually be exported to foreign markets. As a common benefit for businesses operating in bonded zones in China, the relevant Foxconn Companies need not pay customs duties and VAT on imported parts for end-products that will leave China when completed. Our other customers in the PRC have not requested similar bonded sales, because they do not operate in bonded zones manufacturing end-products destined for overseas markets. For such bonded sales, we export the products in question from our PRC subsidiaries to our Macau or Hong Kong subsidiaries, which then ship the products to bonded zones in China as instructed by the customers.

Export VAT refunds

Under the current PRC export tax refund regime, we are exempt from VAT on our export sales and therefore enjoy refunds from the PRC central government on a portion or all of the input VAT that we have paid on the relevant raw materials, depending on the nature of the product. We currently enjoy export VAT refunds of 13% of the price of all of our export goods except our CNC Products, for which we are entitled to an export refund at the full rate of 17% of their prices.

As advised by Jingtian & Gongcheng, our PRC legal advisers, the PRC export VAT refund regime is a uniform system created under PRC law generally applicable to all taxpayers; the refund is neither a government grant nor a subsidy, and is evenly applied irrespective of the country or region of destination of the exports. Therefore, the regime is not affected by the trade regulations of other countries.

Tariffs

Our overseas customers, as importers, typically pay tariffs and related expenses, in line with industry practice. With respect to our sales to Canada, we pay customs brokers tariffs and related expenses, including handling fees and other charges, by agreement with our customer in Canada. During the Track Record Period, we also paid certain tariffs in Australia prior to the disposal of our former Australian subsidiaries, then as importer.

Anti-dumping and countervailing duties

During the Track Record Period, various trade regulation measures applicable to our products were instituted in some of the jurisdictions to which we sell our products, and culminated in the imposition of certain anti-dumping and countervailing duties on some of our exported products. Such duties, which are payable by the importers of our products in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a relative disadvantage compared to local producers.

On April 20, 2010, the USDOC initiated anti-dumping and countervailing duty investigations on certain aluminum extrusions imported from the PRC, including those manufactured and exported by us. It published its preliminary determinations on October 27, 2010 and August 30, 2010 and its affirmative final determinations on March 28, 2011. The USITC, on its part, made a preliminary determination on May 17, 2010 and reached an affirmative final determination on May 12, 2011 that such imports caused material injury to the U.S. aluminum extrusion industry. Upon the USITC's finding, the USDOC on May 19, 2011 issued orders to institute anti-dumping and countervailing duties on such imports. The combined U.S. anti-dumping and countervailing duties as applicable to our products were 406.94%, which would remain in effect until May 2016.

On August 18, 2008, the Canada Border Services Agency initiated investigations with respect to the dumping and subsidizing of certain aluminum extrusions imported from the PRC, including those manufactured and exported by us. It published its preliminary determination on November 17, 2008 and its final determination on February 16, 2009 that certain such imports were dumped and/or subsidized. On March 17, 2009, the Canadian International Trade Tribunal found that the dumping and subsidizing of certain such imports caused injury to the domestic Canadian industry. As a result, an anti-dumping duty of 31.4% and a countervailing duty of RMB3.51 per kilogram were imposed on our products. As of February 20, 2012, the anti-dumping duty on our products was eliminated, provided that the import price on our products sold in Canada is above a "normal price" set by the Canada Border Services Agency, and the countervailing duty fell to RMB1.75 per kilogram.

On June 24, 2009, the Australian Customs and Border Protection Service, or Australian Customs, initiated an investigation into the alleged dumping and subsidization of certain aluminum extrusions exported to Australia from certain PRC suppliers, including us. Australian Customs published its findings in the affirmative on April 15, 2010, upon which combined interim dumping and countervailing duties of 10.4% were imposed on imports of our products. On October 28, 2010, Australian Customs changed the combined interim dumping and countervailing duties applicable to our products to 10.1%. On April 18, 2011, the Attorney-General for Australia, upon application from several parties, including us, directed Australian Customs to reinvestigate certain findings. The review confirmed the original findings and, as a result, the Attorney-General of Australia issued an order on August 27, 2011 to institute anti-dumping and countervailing duties, of up to 33.3%, on such aluminum extrusion imports from the PRC. The effective duties applicable to our products are 13.1%, 13.6% and 6.1% for mill finish aluminum extrusions, anodized finish aluminum extrusions and powder-coated finish aluminum extrusions, respectively. We are currently appealing the Attorney-General of Australia's decision. See "—Legal Proceedings—Trade Litigation in Australia" below. We incurred approximately HK$2.1 million in litigation costs in the year ended September 30, 2012, and have not incurred any subsequent litigation costs.

The following table summarizes key facts of foreign-government trade measures applicable to our products during the Track Record Period:

	United States	Canada	Australia
Preliminary decision date	October 27, 2010 (anti-dumping); August 30, 2010 (countervailing)	November 17, 2008	November 6, 2009
Final decision date	March 28, 2011	February 16, 2009	October 28, 2010
Anti-dumping and countervailing duties	406.94%	From February 16, 2009 to January 19, 2012, Anti-dumping duty: 31.4% Countervailing duty: RMB3.51 per kilogram From January 20, 2012, Countervailing duty only: RMB1.75 per kilogram	13.1% : products with mill finish 13.6% : products with anodized finish 6.1% : products with powder-coated finish
Products affected	Hollow aluminum alloy profiles, aluminum alloy bars and rods, aluminum alloy tubes and pipes and various products making use of such aluminum products exported from the PRC	Aluminum extrusion products with mill finish, mechanical finish, anodized finish or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm, with a maximum weight per meter of 22 kilograms and a profile or cross-section which fits within a circle having a diameter of 254 mm, originating in or exported from the PRC	Aluminum extrusion products with mill finish, mechanical finish, anodized finish or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm, with a maximum weight per meter of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm, originating in or exported from the PRC
Applicable until	May 2016	February 2017	October 2016

For an analysis on the financial impact such foreign-government trade measures had on us, see "Financial Information—Key Factors Affecting Our Results of Operations—Anti-dumping and countervailing duties" on page 172 in this prospectus. We have endeavored to and plan to continue to mitigate the impact of the anti-dumping and countervailing duties by further processing and assembling our products into assembled, "ready-for-sale" (i.e., finished) goods (for example, fences, bed frames and windows) and encouraging customers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the anti-dumping duties. We are also in the course of diversifying markets for our Construction and Industrial Products by further developing the Hong Kong and South African markets for our Construction and Industrial Products. Our strategy involves (i) focusing on growth in the commercial property sector in Hong Kong (supplying, e.g., curtain walls); (ii) leveraging our relationship with a long-time customer in South Africa to increase sales; and (iii) providing more comprehensive after-sales services to customers in both markets in developing our relationship and reliance from our customers. We have also appealed against the imposition of the anti-dumping duties in Australia.

Foreign-exchange hedging

As we enter into export contracts and set pricing terms prior to receiving payment for our products, we regularly enter into foreign-exchange hedging transactions to reduce the risks associated with volatility in foreign-exchange markets, particularly with respect to the Australian dollar and U.S. dollar.

In the year ended September 30, 2010, in light of our significant Australian dollar-denominated receivables from our Australian customers and to hedge the risk of depreciation of the Australian dollar against the U.S. dollar, we entered into certain "knock-out" foreign-exchange forward contracts with our principal banker HSBC, as counterparty, to sell Australian dollars and buy U.S. dollars at specified exchange rates on specified future dates. We also entered into plain foreign-exchange forward contracts throughout the Track Record Period, also with HSBC as counterparty.

The "knock-out" contracts were leveraged derivative financial products that offered potentially higher returns to us than the plain contracts, but correspondingly carried higher potential risks as well. We entered into one "knock-out" contract in each of June, July and September 2010, and each contract set up 12 monthly trades to be settled in the following year, on specified settlement dates, for a total of 36 trades. The moniker "knock-out" refers to the feature of such contracts under which if the spot market exchange rate, in our case between the Australian dollar and the U.S. dollar, ever trades at or below a specified "knock-out" rate (contemplating a very weak Australian dollar), the obligations on both counterparties for the remaining scheduled trades under the contract will be relieved, leaving us unhedged. Provided that the contract is not "knocked out," the trades will be executed according to the terms of the contract. With respect to each trade, we and HSBC, our counterparty, will be obligated to exchange Australian dollars and U.S. dollars at a specified "strike" price on the settlement date. The amount for each trade will depend on the spot market exchange rate on a specified "expiration date," which falls a few days before the settlement date:

(i) if the spot market exchange rate is at or below the "strike" price, the trade amount will be A$1,000,000.

(ii) if the spot market exchange rate is above the "strike" price, the trade amount will "accelerate" to A$2,000,000.

Inherent in the risk-reward design of the contract, the "knock-out" feature provides a floor to our counterparty's downside exposure and the acceleration feature potentially enhances our counterparty's gain at our expense, allowing the "strike" prices to be more favorable to us as compared to market forward rates referenced by plain forward contracts. The "knock-out" rates offered by HSBC in the contracts we entered into during the Track Record Period were set at approximately 90% of the "strike" prices, which we considered to be market standard. None of these contracts were "knocked out" leaving us un-hedged against the depreciation of the Australian dollar.

The tables below outline key terms of the "knock-out" contracts we entered into and executed and the valuation gains/(losses) we experienced from such contracts:

The June 2010 contract

Trade no.	Expiration date	Settlement date	"Strike" price (US$/A$)	"Knock-out" rate (US$/A$)	Exchange rate (US$/A$)	Executed trade amount (A$)	Valuation gains/ (losses)(1) (HK$)
1.	July 12, 2010	July 14, 2010	0.9000	0.8000	0.8520	1,000,000	374,400
2.	August 10, 2010	August 12, 2010	0.9000	0.8000	0.9006	2,000,000	(9,400)
3.	September 10, 2010	September 14, 2010	0.9000	0.8000	0.8865	2,000,000	210,600
4.	October 12, 2010	October 14, 2010	0.9000	0.8000	0.9700	2,000,000	(1,092,000)
5.	November 10, 2010	November 12, 2010	0.9000	0.8000	0.9747	2,000,000	(1,165,400)
6.	December 10, 2010	December 14, 2010	0.9000	0.8000	0.9561	2,000,000	(875,200)
7.	January 10, 2011	January 12, 2011	0.9000	0.8000	1.0172	2,000,000	(1,828,400)
8.	February 10, 2011	February 14, 2011	0.9000	0.8000	0.9976	2,000,000	(1,522,600)
9.	March 10, 2011	March 14, 2011	0.9000	0.8000	1.0171	2,000,000	(1,826,800)
10.	April 11, 2011	April 13, 2011	0.9000	0.8000	1.0343	2,000,000	(2,095,000)
11.	May 10, 2011	May 12, 2011	0.9000	0.8000	1.0959	2,000,000	(3,056,000)
12.	June 10, 2011	June 15, 2011	0.9000	0.8000	1.0652	2,000,000	(2,577,200)
							(15,463,000)

The July 2010 contract

Trade no.	Expiration date	Settlement date	"Strike" price (US$/A$)	"Knock-out" rate (US$/A$)	Exchange rate (US$/A$)	Executed trade amount (A$)	Valuation gains/ (losses)(1) (HK$)
1.	August 10, 2010	August 12, 2010	0.9260	0.8200	0.9006	1,000,000	198,100
2.	September 10, 2010	September 14, 2010	0.9260	0.8200	0.8865	1,000,000	308,100
3.	October 8, 2010	October 12, 2010	0.9260	0.8200	0.9700	2,000,000	(686,400)
4.	November 10, 2010	November 12, 2010	0.9260	0.8200	0.9747	2,000,000	(759,800)
5.	December 10, 2010	December 14, 2010	0.9260	0.8200	0.9561	2,000,000	(469,600)
6.	January 10, 2011	January 12, 2011	0.9260	0.8200	1.0172	2,000,000	(1,422,800)
7.	February 10, 2011	February 14, 2011	0.9260	0.8200	0.9976	2,000,000	(1,117,000)
8.	March 10, 2011	March 14, 2011	0.9260	0.8200	1.0171	2,000,000	(1,415,828)
9.	April 8, 2011	April 12, 2011	0.9260	0.8200	1.0343	2,000,000	(1,689,400)
10.	May 10, 2011	May 12, 2011	0.9260	0.8200	1.0959	2,000,000	(2,650,400)
11.	June 10, 2011	June 15, 2011	0.9260	0.8200	1.0652	2,000,000	(2,171,600)
12.	July 8, 2011	July 12, 2011	0.9260	0.8200	1.0718	2,000,000	(2,274,400)
							(14,151,028)

The September 2010 contract

Trade no.	Expiration date	Settlement date	"Strike" price (US$/A$)	"Knock-out" rate (US$/A$)	Exchange rate (US$/A$)	Executed trade amount (A$)	Valuation gains/ (losses)(1) (HK$)
1.	September 20, 2010	September 22, 2010	0.9450	0.8420	0.8865	1,000,000	456,300
2.	October 20, 2010	October 22, 2010	0.9450	0.8420	0.9700	2,000,000	(390,000)
3.	November 19, 2010	November 23, 2010	0.9450	0.8420	0.9747	2,000,000	(463,400)
4.	December 20, 2010	December 22, 2010	0.9450	0.8420	0.9561	2,000,000	(173,200)
5.	January 20, 2011	January 24, 2011	0.9450	0.8420	1.0172	2,000,000	(1,126,400)
6.	February 18, 2011	February 22, 2011	0.9450	0.8420	1.0017	2,000,000	(820,600)
7.	March 18, 2011	March 22, 2011	0.9450	0.8420	1.0171	2,000,000	(1,124,800)
8.	April 20, 2011	April 27, 2011	0.9450	0.8420	1.0343	2,000,000	(1,393,000)
9.	May 20, 2011	May 24, 2011	0.9450	0.8420	1.0959	2,000,000	(2,354,000)
10.	June 20, 2011	June 22, 2011	0.9450	0.8420	1.0652	2,000,000	(1,875,200)
11.	July 20, 2011	July 22, 2011	0.9450	0.8420	1.0718	2,000,000	(1,978,000)
12.	August 19, 2011	August 23, 2011	0.9450	0.8420	1.0754	2,000,000	(2,304,200)
							(13,546,500)

Note:

(1) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

The plain foreign-exchange forward contracts, by comparison, are not leveraged and have a simpler structure. We frequently entered into such plain contracts during the Track Record Period, often several each month, to hedge our exposure to depreciation of the Australian dollar against the Hong Kong dollar. Under these plain contracts, we and HSBC, our counterparty, agreed to exchange specified amounts of Australian dollars for Hong Kong dollars on specified future dates at specified forward exchange rates. If, with respect to each settlement, the spot market exchange rate as of the current month-end is lower than the forward exchange rate, we realize a valuation gain, which mitigates the negative effects of a weak Australian dollar on our Australian dollar-denominated assets. Conversely, if the spot market exchange rate as of the current month-end is higher than the forward exchange rate, we realize a valuation loss, while our Australian dollar-denominated assets benefit from a strong Australian dollar.

The table below summarizes the maximum value of outstanding plain foreign-exchange forward contracts we held at any time during the periods indicated and the aggregate valuation gains/(losses) we experienced from the settlement of such contracts:

	Year ended September 30,			September 30, 2012 to Latest Practicable Date
	2010	2011	2012	
Foreign-exchange forward contracts				
Maximum value (A$ in millions)(1)	6.8	4.0	16.0	18.0
Fair-value gains/(losses) (HK$ in millions)(2)	(0.2)	(0.5)	(0.5)	(2.2)

Notes:

(1) Equals the maximum aggregate notional amount of foreign-exchange forward contracts outstanding at any time during the period.

(2) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

The table below outlines key terms of the outstanding plain forward contracts we held as of the Latest Practicable Date:

Contract no.	Contract date	Settlement date	Forward rate (HK$/A$)	Nominal amount (A$)	Valuation gains/(losses)(1) (HK$)
1	November 2, 2012	January 16, 2013	8.0000	1,000,000	(163,700)
2	November 7, 2012	January 23, 2013	7.9940	1,000,000	(169,700)
3	November 7, 2012	January 30, 2013	7.9890	1,000,000	(174,700)
4	November 7, 2012	February 6, 2013	7.9850	1,000,000	(178,700)
5	November 7, 2012	February 19, 2013	8.0100	1,000,000	(153,700)
6	November 14, 2012	February 27, 2013	8.0050	1,000,000	(158,700)
7	November 14, 2012	March 6, 2013	8.0000	1,000,000	(163,700)
8	November 14, 2012	March 13, 2013	7.9970	1,000,000	(166,700)
9	December 6, 2012	March 20, 2013	8.0220	1,000,000	(141,700)
10	December 6, 2012	March 27, 2013	8.0180	1,000,000	(145,700)
11	December 6, 2012	April 3, 2013	8.0130	1,000,000	(150,700)
12	January 8, 2013	April 10, 2013	8.0365	1,000,000	(127,200)
13	January 8, 2013	April 17, 2013	8.0325	1,000,000	(131,200)
14	January 8, 2013	April 24, 2013	8.0280	1,000,000	(135,700)

Note:

(1) Unrealized gains or losses measured on the basis of the spot market exchange rate of 8.1637 as of the end of January 16, 2013.

Our foreign-currency hedging is overseen by our chief executive officer, finance director and chief financial officer following our internal hedging policy. Our chief executive officer, finance director and chief financial officer have had substantial experience with foreign exchange transactions and dealt with foreign exchange in real commercial circumstances on a daily basis. On a daily basis, our staff reports the Australian dollar exchange rates quoted from the foreign exchange division of HSBC, our counterparty in foreign-exchange transactions, including spot and forward rates, to such senior members of management for review. Our chief financial officer will estimate the Australian dollar amounts to be received in the current week and the following month, review the market exchange rates and our current hedging coverage and make a recommendation to our chief executive officer and finance director whether we should enter into a forward contract. Our chief executive officer, finance director and chief financial officer will collectively review the exchange rates and our financial position in making the determination on a daily basis. The chief financial officer, with the assistance of accountants, will implement approved transactions with our counterparty bank. Once the forward contract has been finalized with the bank, the transaction will be included in the daily bank balance position report sent to our chief executive officer, finance director and chief financial officer. Our chief financial officer, with the assistance of accountants, is responsible for overseeing the settlement of signed forward contracts with our counterparty bank on the scheduled settlement dates. We complied with such hedging policies and procedures during the Track Record Period and up to the Latest Practicable Date.

As illustrated above, the “knock-out” contracts we entered into during the Track Record Period offered us protection against the depreciation of the Australian dollar. These contracts, on the other hand, proved counter-productive during periods of *appreciation* of the Australian dollar, incurring fair-value losses for us which offset gains on our Australian dollar-denominated assets. On balance, we believe it will be beneficial for us in the long run to maintain a lower-risk hedging policy.

Going forward, therefore, we plan to continue to purchase the plain foreign-exchange forward contracts to hedge our exposure to foreign-exchange risk, but do not intend to acquire any high-risk derivative instruments, including the “knock-out” contracts. We plan to continue to conduct a daily review of the Australian dollar to Hong Kong dollar exchange rate and estimated Australian dollar amounts to be received in the following month, and we will enter into a plain foreign-exchange forward contract when we believe our exposure to a depreciation of the Australian dollar is relatively high and the forward foreign-exchange rate is favorable, in an amount commensurate with, and up to 75% of, the estimated Australian dollar amounts to be received. We typically consider our exposure to a depreciation of the Australian dollar to be relatively high if the Australian dollar amounts to be received in the following month exceed 10% of our net asset value, and we typically review the market foreign-exchange rates for the preceding three months to determine whether a forward foreign-exchange rate is favorable.

See “Financial Information—Combined Statements of Comprehensive Income—Other Gains/(Losses)—Net” on page 186 in this prospectus.

Suppliers

For the years ended September 30, 2010, 2011 and 2012, purchases from our five largest suppliers represented 83.0%, 81.2% and 78.6%, respectively, and purchases from our largest supplier accounted for 41.0%, 40.1% and 23.8%, respectively, of our total purchases of raw materials. None of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in our five largest suppliers during the Track Record Period. During the Track Record Period, we did not experience any difficulty in sourcing our raw materials or utilities or any major defaults or delay by our suppliers that had a material adverse impact on our operations. We do not anticipate any sourcing difficulties in the foreseeable future.

Raw Materials

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots. We purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. We also purchased aluminum ingots from international suppliers at international spot prices in 2009. We have not entered into any long-term supply contracts with our suppliers. There is a liquid aluminum trading market in China, where the supply has been sufficient for demand and the pricing is transparent. Over the years, we have established and maintained good relationships with a number of aluminum ingot suppliers. At any time we typically source aluminum ingots from a few main suppliers. We generally maintain a supply of aluminum ingots sufficient for one month of production. We are generally granted a seven-day credit period from our aluminum ingot suppliers. Since this is shorter than the credit terms we generally grant to our customers, particularly our major customers, we have utilized a revolving 120-day short-term trade loan facility to finance our purchases of aluminum ingots. We have also entered into a number of trade financing arrangements with HSBC, including trade receivable factoring arrangements under which we may receive liquidity by factoring to HSBC trade receivables due from a list of pre-approved customers. For the year ended September 30, 2012, such pre-approved customers included some of our largest customers, including the Foxconn Companies and the P & O Companies.

The spot price of aluminum has fluctuated in the past and during the Track Record Period. But since we include the price of aluminum as an inherent component in pricing our products, most of the risks associated with the aluminum price fluctuation is passed on to our customers. We believe that, for the near future, there will be adequate supply of aluminum ingots in both the international and China markets and their prices will remain steady. During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage or delay in delivery of aluminum ingots that materially and adversely affected our operations.

We use a number of other metals and chemicals as raw materials, such as magnesium, silicon, sulfuric acid, powder paint and PVDF paint. These raw materials are generally available, and we have purchased them from numerous suppliers in China. Although the market prices of these raw materials fluctuate due to changes in supply and demand, the effects of such fluctuations are relatively immaterial to our cost of sales and we have generally been able to pass on any price increases in such raw materials to our customers. We believe these commodities are in adequate supply and will generally remain available from numerous sources at commercially reasonable prices in the foreseeable future.

Utilities

In addition, we purchase electricity and fuel to power our production. We purchase electricity off the regional power grid through designated power lines at government-mandated rates. The average cost of electricity we incurred during the Track Record Period was approximately RMB0.77 per kWh and HK$787.5 per MT of products produced. We have a diesel-powered back-up power station in our plant and we purchase diesel from a third-party vendor in China. During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage of electricity or fuel supply that materially and adversely affected our operations.

Intellectual Property

As of September 30, 2012, we had registered 76 trademarks and 23 domain names in China, Hong Kong and overseas. As of the Latest Practicable Date, we had eight utility patents concerning production processes, 279 outlook design patents and 18 outlook design patents under application for our Branded OPLV Products. We consider our trademarks and 279 outlook design patents and 18 outlook design patents under application to collectively be material to our business. Of the patents we owned, six of the utility patents and all 279 of the outlook design patents were in the process of being transferred to us from Ms. Kuang Shunyou, the mother of Mr. Marcus Pan. All of our patents are in use by us. Ms. Kuang Shunyou has been one of the directors of PanAsia Aluminum (China) since its incorporation in 1998 and she acted as the nominee of the Group to hold the patents, as Guangzhou OPLV had not been incorporated at the time when the Group developed our Branded OPLV Products. Ms. Kuang Shunyou is interested in 30% of Guangzhou Rongjin Curtain Wall Co., Ltd., which is a contractor for curtain wall projects. Other than disclosed in this paragraph, none of the technologies or patents used in our production processes were transferred from third parties. Details of our intellectual property portfolio are provided in the section entitled "Intellectual property rights of the Group" in Appendix VI to this prospectus.

We have taken vigorous steps to protect our intellectual property rights. We initiated lawsuits in various local courts in China against third parties who infringed upon our intellectual property rights (primarily design patents) and prevailed in most of them, resulting in remedies including monetary compensation, destruction of infringing products and the cessation of producing infringing products. The financial impact from such infringements and remedies was not material to our business.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any infringement of our intellectual property rights which had a material adverse effect on our business.

Competition

China's aluminum extrusion product industry is large and fragmented. Based on statistics from the China Nonferrous Metal Industry Association, there were more than 600 aluminum extrusion product manufacturers in China in 2011, among which approximately 85% were small plants focusing on construction products with a production capacity below 10,000 MT per year. Due to the fragmented market, most companies have a relatively low market share. In terms of extrusion capacity, we are a mid-sized manufacturer. Our products compete on the basis of product quality, reputation and brand recognition, product variety, customer service and price. Our Directors are of the view that our competitive advantages and strengths, including our recognized reputation and brand name, reliable product quality and stable and diverse customer base, allow us to compete effectively in the aluminum extrusion industry.

For our Branded OPLV Products, we believe that our integrated system approach differentiates ourselves from the traditional unassembled window and door frames sold in bulk in the PRC. For our Electronics Parts segment, we attribute our successful relationship with the Foxconn Companies to numerous reasons, including its superior technological capabilities and production process know-how, product quality and reliability, responsiveness to the Foxconn Companies' specific requirements and organizational structure which enables it to meet the quality and quantity requirements of the Foxconn Companies. With respect to our Construction and Industrial Products segment, according to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively. Given our leading position in Australia, we believe we are in an advantageous position in terms of bargaining power and brand recognition over other mid-sized competitors.

Major Awards and Certificates

As of September 30, 2012, we had obtained the following major awards and certificates:

- In July 2012, we received a new certificate from Det Norske Veritas, one of the world's leading classification societies, certifying PanAsia Aluminum (China) as an approved manufacturer of wrought aluminum alloys. The certification will remain effective through June 2016. We received our first certificate from Det Norske Veritas in August 2009, which expired in June 2012;

- In December 2011, we were certified an "enterprise in Guangzhou with qualified work safety standards (廣州市安全生產標準化達標企業)" by the Guangzhou Production Safety Administration (廣州市安全生產監督管理局), which will remain effective through December 2014;

- In September 2011, PanAsia Aluminum (China) received GB/T 19001-2008/ISO 9001:2008 certifications for its quality management system and GB/T 24001-2004/ISO 14001:2004 certifications for its environmental management system. All the certificates were issued by China Quality Mark Certification Group (方圓標誌認證集團), a certification service provider authorized by the Chinese government, and the International Certification Network ("IQNet"), the largest provider of management system certifications in the world, and will remain effective through September 2014. In addition to the plant certifications, our various products also received required certification under the respective PRC quality standards;

- In June 2011, we were named an "enterprise with an intellectual-property advantage in Guangdong for 2011 (2011年廣東省知識產權優勢企業)" by the Guangdong Provincial Intellectual Property Bureau (廣東省知識產權局); and

- In December 2009, we entered into a cooperation agreement with the China Space Foundation (中國航天基金會), the only charitable organization for the space sector in China authorized by the Chinese government. As part of our marketing and brand building strategies, we sponsored the China Space Foundation and became a "China space program partner (中國航天事業合作夥伴)" and "China space program sponsor (中國航天事業贊助商)," and our Branded OPLV Products and some of our other products sold in China became the "exclusive products for China space (中國航天專用產品)" in the PRC aluminum products industry. During the Track Record Period, we had contributed approximately RMB4 million to the China Space Foundation. We believe this sponsorship provides us marketing benefits. The sponsorship expires in December 2016.

Environmental and Safety Regulation Compliance

We are committed to building and operating safe and environmentally friendly production facilities. We believe we were, in all material respects, in compliance with all applicable environmental protection and safety laws and regulations in China during the Track Record Period.

Environment

We are required to comply with all PRC national and local regulations regarding environmental protection. For each of our plants, we are required to conduct an environmental impact assessment, obtain approval of the assessment before commencing construction and complete an examination and obtain an environmental acceptance approval before commencing production. To discharge wastewater, exhaust fumes and noise from our plants, we must file reports with and obtain a discharge permit from the relevant PRC government authorities. We must also properly dispose of the hazardous solid waste generated in our production process. The environmental protection authorities may inspect our plants from time to time and give us instructions on various aspects of our operations, with which we are required to comply.

In October 2011, we commenced operations of our CNC plant, and are currently cooperating with the relevant environmental protection authority to conduct the necessary environmental procedures. We expect to complete all the required procedures and obtain all the required environmental permits and approvals in the next few months. See "Risk Factors—Risks Relating to Our Business and Industry—Any unrectified historical non-compliance with PRC environmental regulations may result in adverse publicity and potentially fines or even suspension of our business operations."

During the Track Record Period, we made capital expenditures of approximately RMB17.7 million on environmental protection equipment to comply with relevant environmental regulations, to satisfy our customers' expectations regarding our environmental impact and to keep pace with expanding production capacity. We currently have planned future capital expenditures of approximately RMB12.3 million for environmental protection equipment.

We have not been subject to any material fines or legal actions due to non-compliance with relevant environmental regulations during the Track Record Period. Except as disclosed above, we have obtained all environmental permits and approvals necessary to conduct the business currently carried on by us at our production facilities.

Safety

We are also required to abide by work safety laws and regulations imposed by the relevant PRC government authorities and maintain a safe work environment. We have adopted and implemented occupational health and safety procedures and measures for our business operations, and ensured that all our employees are aware of our safety procedures. These include guidelines for operational and safety control procedures, protective equipment procedures and social and environmental responsibility. Specific safety equipment include aluminum dust absorption and recycling systems to remove waste aluminum dust produced as a byproduct of our manufacturing process, thereby reducing the risk of explosions from aluminum dust, as well as specialized pipe systems to treat toxic gases emitted by the smelting process. Furthermore, our employees involved in production are required to attend training courses on workplace safety, and certain employees with unique skill sets are required to attain quality control certifications. We provide, and require our employees to wear, regularly tested protective devices to ensure their safety. We also regularly conduct health examinations on our employees. We consider our workplace a safe environment and workplace injury is relatively rare in our operations. For the years ended September 30, 2010, 2011 and 2012, there were only 6, 6 and 26 reported cases, respectively. There were no accidents causing death or serious bodily injury in our business operations during the Track Record Period and up to the Latest Practicable Date.

Employees and Staff

As of September 30, 2012, we had a total of 4,624 staff, of which 1,481 were our employees. They are based at our production base in Zengcheng, Guangzhou, Guangdong Province, China, as well as our offices in Hong Kong and Macau. There had been no complaints or claims from employees that materially affected our operations during the Track Record Period and up to the Latest Practicable Date.

We have historically used third-party staffing companies to dispatch manufacturing workers to us to save on costs associated with identifying and recruiting a significant number of workers. As of September 30, 2012, we had 3,143 manufacturing workers dispatched to us from Guangzhou Anye under a labor dispatch agreement (勞務派遣合同) between us and such third-party staffing company. Guangzhou Anye has confirmed to us that it has entered into labor contracts with all of the contract workers dispatched to us. Guangzhou Anye has also confirmed to us that it has complied with the relevant PRC laws, has paid amounts in accordance with PRC laws for the dispatched workers' social security and has not infringed upon these workers' lawful rights and interests. Since such contract manufacturing workers fulfill positions that require only basic skills and are under the guidance and supervision of our skilled employees, we do not have a reliance on them for our operations. We do not have production lines or processes that are predominantly or solely operated by such contract workers.

The terms of our current labor dispatch agreement with Guangzhou Anye include the following:

- Term: September 1, 2012 to August 31, 2017, with no automatic renewal or early termination option.
- Our obligations primarily include:
  - Supervising and managing the work of the dispatched workers;
  - Providing safety training, safety protection materials and safe working conditions to the dispatched workers;
  - In the event of work-related injury, providing first-aid, performing early investigation and subsequently assisting Guangzhou Anye in collecting materials relating to workers' compensation claims;
  - Paying wages to the dispatched workers on behalf of Guangzhou Anye at the request of Guangzhou Anye; and
  - Paying a monthly management fee to Guangzhou Anye.
- Guangzhou Anye's obligations primarily include:
  - Dispatching suitable workers;
  - Dispatching replacement workers at our request;

- Providing production safety and occupational education and training to the dispatched workers; and

- Paying remuneration to and making social security contributions for the dispatched workers.

As advised by Jingtian & Gongcheng, our PRC legal advisers, our dispatch arrangement with Guangzhou Anye is permitted by applicable PRC laws.

A breakdown of our staff by function as of September 30, 2012 is set forth below:

Function	Staff
Finance	67
Human resources and administration	66
Sales and marketing	249
Information technology	15
R&D	21
Manufacturing	767
Warehouse	44
Quality control	209
Sourcing	19
Safety management	24
Total employees	1,481
Manufacturing workers employed by and dispatched from third-party staffing company	3,143
Total	4,624

We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit our employees from Chinese vocational schools and the public. We have implemented training programs for our employees to meet different job requirements. We believe that these initiatives have contributed to increased employee productivity.

We enter into individual employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We generally formulate our employees' remuneration package to include a salary, bonus and various allowances. Our compensation programs are designed to remunerate our employees based on their performance, measured against other objective criteria we prescribe. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance and housing funds.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the Latest Practicable Date, no labor dispute had occurred which materially and adversely affected or was likely to have an material and adverse effect on our operations.

Property

As of November 30, 2012, we had the following property interests in the PRC: (i) the land use rights to two parcels of land with a total site area of approximately 129,133 square meters; (ii) two leased properties with a total gross floor area of approximately 31,471 square meters; and (iii) self-owned properties with a total gross floor area of approximately 83,957 square meters. We also maintain leased office space in Hong Kong and Macau.

As of the Latest Practicable Date, the lessor of a property we leased could not produce to us title documents with respect to a portion of the property, with a gross floor area of approximately 11,715 square meters, underlying portions of our manufacturing plants and warehouses. These properties are not individually or collectively crucial and material to our operations as a whole.

Except as disclosed above, we have obtained all the required land use rights and building ownership certificates for all our properties. We believe that our current properties are consistent with our business plans.

Please refer to the section entitled "Property Valuation Report" set forth in Appendix IV to this prospectus for further details of our properties.

Insurance

We currently maintain accidental damage insurance in China on our production machinery, equipment and facilities, buildings and their improvements, vehicles and certain office equipment. Our insurance covers losses arising from, among other things, fire, lightning, explosion, earthquake, tsunami, strike, riots and civil unrest, with various limitations. Insurance coverage for our fixed assets in China amounted to approximately RMB228.2 million as of September 30, 2012. We believe we are adequately insured against unforeseen accidental losses in line with industry practice. In addition, we purchase insurance for the shipping of our exported products where the risk is borne by us. Currently, we do not maintain business interruption insurance. We have not made any material claims under our insurance policies and have not experienced any material business interruptions since we commenced operations.

Legal Proceedings

Except as disclosed below, as of the Latest Practicable Date, we had not been involved in any material arbitration, litigation or administrative proceedings which had or could be expected to have a material and adverse effect on our business or results of operations.

Trade Litigation in Australia

We are currently seeking an appeal, in the Federal Court of Australia, against a decision by the Attorney-General of Australia effective on August 27, 2011 confirming the imposition of anti-dumping and countervailing duties with respect to certain aluminum extrusion products exported to Australia from China. We lodged the appeal to protect our interests because the anti-dumping and countervailing duties imposed by the Attorney-General of Australia apply to the products we export to Australia. A hearing was conducted in May 2012, and the judgment is currently pending and expected in the first half of 2013. See "Risk Factors—Foreign governments have instituted and may continue to institute various trade regulation measures, including anti-dumping and countervailing duties on imported goods. Such measures may be applicable to our products and materially and adversely affect our export sales, which constitute an important portion of our revenues" beginning on page 33 of this prospectus. If we fail to prevail in the trade litigation, we expect that the outcome will be the *status quo* because the anti-dumping and countervailing duties are currently applicable to our exports to Australia. On the other hand, if we prevail in the litigation, the said duties will be lowered or eliminated, which will enhance the competitiveness of our products vis-à-vis our competitors' in Australia.

Compliance Record

Save as disclosed below and in the sections entitled "Risk Factors—Certain of our leased properties may be subject to title encumbrances," "Business—Environmental and Safety Regulation Compliance" and "Business—Property" in this prospectus, we complied with the laws and regulations applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date.

The table below sets out summaries of certain incidents of our historical non-compliance with applicable regulation during the Track Record Period. The Directors are of the view that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
As of late June 2012, PanAsia Aluminum (China) and Guangzhou OPLV had not completed filing an application with the relevant local AQSIQ authority in the PRC in relation to the outsourced processing arrangements between them.	Because the relevant requirement is relatively uncommon in daily operations, our staff overlooked it.	As advised by Jingtian & Gongcheng, our PRC legal advisers, in accordance with PRC law, in the event that the filing cannot be completed, PanAsia Aluminum (China) and Guangzhou OPLV may be subject to a fine of not more than RMB60,000 in aggregate.	The outsourced processing agreement was executed and filed with the relevant authority for record and completed on June 25, 2012. As such agreement expired on September 30, 2012, we have executed a new agreement which has completed the filing of the same with the relevant authority for record on October 15, 2012. Jingtian & Gongcheng, our PRC legal advisers, are of the view that, since we have successfully executed and filed the outsourced processing agreement with the relevant authority for record as of the Latest Practical Date, the likelihood of further fines or penalties on us in this regard should be low.	We have retained a PRC law firm as our external legal counsel since April 2012. We will consult our external legal counsel in advance to ensure proper documentation of transactions between group companies. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulations. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
PanAsia Aluminum (China) received a notification from the Zengcheng Environmental Protection Authority (增城市環境保護局) on October 17, 2011 in relation to certain non-compliance that PanAsia Aluminum (China) is required to remedy, which included the use of an aluminum smelting furnace without waste treatment facilities, inappropriate disposal of hazardous waste and incorrect installation of sewage outlets.	We are in the process of completing the modification of relevant facilities at the time of Zengcheng Environmental Protection Authority's visit and had not completed all the works required to make the relevant facilities fully compliant with applicable regulations.	Regarding the non-compliance specified in the notification, as advised by Jingtian & Gongcheng, our PRC legal advisers, according to PRC law, the competent environmental protection authority may require us to bear the relevant legal liabilities, which include rectifying the non-compliance or removing the illegal sewage outlets within a time limit, fines of not more than RMB800,000 and suspension of operations or use, where appropriate. However, given that subsequently Zengcheng Environmental Protection Authority issued two certificates, confirming PanAsia Aluminum (China) was in compliance with relevant environmental law and regulations, PanAsia Aluminum (China) will not be subject to any fine or penalties in this regard.	We carried out remedial actions and submitted a remedial report to the Zengcheng Environmental Protection Authority on October 19, 2011. The Zengcheng Environmental Protection Authority issued two certificates on November 8, 2011 and May 30, 2012, respectively, confirming that PanAsia Aluminum (China) was, among other things, in compliance with the relevant environmental laws and regulations and was never subject to administrative sanctions due to any non-compliance with the relevant laws and regulations during the Track Record Period. As advised by Jingtian & Gongcheng, our PRC legal advisers, the Zengcheng Environmental Protection Authority is the environmental protection supervision and administration authority of PanAsia Aluminum (China) and the authority issuing the notification, thus a competent authority to issue the certificates.	We will maintain regular communication with the Zengcheng Environmental Protection Authority to remain updated as to environmental protection requirements, and request our legal advisers or other expert(s) to assist if necessary on a bi-weekly basis. In addition, all high level management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
Certain of our newly constructed or reconstructed properties in the PRC had not, before the relevant time of such construction or reconstruction, obtained the relevant construction permits. We are in the process of completing the completion acceptance filings and/or is applying for the relevant building ownership certificates for such properties.	There was insufficient communication among our construction engineering staff, and our staff did not become aware of the non-compliance with the filing requirements.	As advised by Jingtian & Gongcheng, our PRC legal advisers, according to PRC law, failure to obtain the relevant construction permits or failure to complete the completion acceptance filings may lead to fines of not more than 6% of the construction contract amount, or approximately RMB 1.46 million in the present case. PRC law may also require taking corrective actions.	We applied for and obtained the relevant construction permits on May 22, 2012 and completed the construction completion filing on Aug 30, 2012. We have submitted the application for the building ownership certificates with the relevant authority and obtained the building ownership certificates for all of the properties in December 2012 and January 2013. Jingtian & Gongcheng, our PRC legal advisers, are of the view that, since we have successfully obtained the relevant construction permits and completed the construction completion filing as of the Latest Practical Date, the likelihood of further fines or penalties on us in this regard should be low.	We have set up an Administrative and General Service Department in PanAsia Aluminum (China), which consists of 70 staff and is led by Ms. Shao, our executive Director. The department directly reports to the board of directors of PanAsia Aluminum (China), and is responsible for the management of our real estate, communication with construction units, government departments and other new properties. It will timely handle the relevant procedures, such as environmental protection, business registration, property leasing and property construction and maintenance, in accordance with the procedural requirements of the relevant authorities to ensure our compliance and seek legal advice where appropriate. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
Our new CNC plant commenced operations in October 2011 without obtaining approval in respect of environmental impact assessment, passing the examination and obtaining environmental acceptance approval from the relevant government authorities.	We have communicated with the environmental authorities, and as the CNC plant has a very minor impact on the local environment, the competent environmental authorities agreed to simplify the environmental protection examination and approval procedures. Out of an abundance of caution and in order to ensure full compliance with PRC law, however, we decided to conduct the filing in accordance with the conventional environmental protection procedures, which take a longer time to complete.	As advised by Jingtian & Gongcheng, our PRC legal advisers, according to PRC law, failure to complete the foregoing environmental procedures before the commencement of operations may lead to fines of not more than RMB300,000, and the requirement to complete the procedures within a time limit and suspend operations or use, where appropriate.	We communicated with the environmental authority to conduct the relevant environmental procedures in relation to the new CNC plant, and obtained approval from the Zengcheng Environmental Protection Authority in respect of environmental impact assessment of CNC plant on August 27, 2012. We expect to receive the environmental acceptance approval in the first half of 2013. Our Directors are of the view that subsequent to our friendly communication with the environmental authority, we have successfully obtained approval from the authority in respect of environmental impact assessment of CNC plant and are in the process of applying for passing the examination and obtaining environmental acceptance approval from the authority, and we have not received any notice of penalties from the authority, based on the above, we will not be likely to be subject to any fine or penalty in this regard. Jingtian & Gongcheng, our PRC legal advisers, have advised us they agree on the foregoing view of our Directors, and that the view of the environmental authority on this shall prevail. As of the Latest Practicable Date, the environmental authority has been cooperating with us on the relevant environmental procedures and did not require us to bear any fine or penalty in this regard.	We have set up the Administrative and General Service Department responsible for the management of our environmental protection matters and communication with government department, as well as timely handling the relevant procedures in accordance with the procedural requirements of the relevant authorities. In addition, in our future course of business, we will obtain the approval or endorsement of the environmental protection authorities before commencing operations. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
In relation to certain properties we leased, the lessor has not produced title documents. In addition, the leasing agreements relating to our leased properties have not been registered with the relevant PRC authorities.	We required the lessor to provide the certificates of title of the leased property, however, certain lessors failed to provide the necessary certificates of title. For the registration of the lease contract, we would require the lessor to provide the relevant information. In the absence of the required information, we cannot register the lease contract.	As advised by Jingtian & Gongcheng, our PRC legal advisers, in the event that the lessor who has not produced title documents has no right to let such properties, the leasing agreement may be deemed invalid and the lessee may have to vacate the property.	We will take measures, including review of all lease contracts by the management prior to signing, and require the lessor to provide certificates of title and other information. We will also engage external legal counsel to provide professional advice, where necessary. We have discussed with the lessor the real estate license of the leased property in order to complete the registration process. The relevant registration was completed on October 11, 2012. As advised by Jingtian & Gongcheng, our PRC legal advisers, for the leasing properties of which the lessor has still not been able to produce title document, we may be required to vacate the properties somewhen. However, these properties are not individually or collectively crucial and material to our operations as a whole.	We have set up the Administrative and General Service Department responsible for the management of the our real estate, communication with construction units, government departments, as well as the timely handling of the relevant procedures in accordance with the procedural requirements of the relevant authorities. We will also seek legal advice, where appropriate. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.

Historical non-compliance	Reason(s) for the non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status	Measures to prevent future breach and ensure ongoing compliance
Certain accounts (the "Relevant Accounts") of PanAsia Group were adopted out of time, details of which are as follows: - Its financial statements for the financial year ended December 31, 2002 were laid before its annual general meeting held on October 23, 2003. - Its financial statements for the financial year ended December 31, 2003 were adopted by way of shareholders' written resolutions on September 30, 2005 in lieu of annual general meeting. - Its financial statements for the financial years ended December 31, 2006 and 2007 were not laid before its annual general meetings.	The non-compliance was because the management at the relevant time were not familiar with, and were not made aware of, the statutory requirement to lay before the annual general meeting the profit and loss accounts and balance sheets made up to a date not more than nine months before the date of the annual general meeting. PanAsia Group had no business or trading during the relevant period. The management at the relevant time were under a mistaken impression that such companies would not be required to prepare profit and loss accounts and balance sheets every year.	Any person being a director of a company that failed to comply with section 122 of the Companies Ordinance may be imprisoned and fined up to HK$300,000.	Application was made to the High Court of Hong Kong for an extension of time for laying the Relevant Accounts pursuant to section 122 of the Companies Ordinance. On October 31, 2012, court order was granted pursuant to which the period provided in sections 122(1A) and (2) of the Companies Ordinance to lay the accounts before its annual general meetings for the financial years ended December 31, 2002, 2003, 2006 and 2007 was extended to October 23, 2003, September 30, 2005, November 1, 2012 and November 1, 2012, respectively. Based on the above order, the aforesaid non-compliance incidents have been fully rectified and the non-compliance does not have any impact on the operation or financial position of the Group.	Our Directors will ensure that the financial statements of our Hong Kong subsidiaries will be laid before their respective annual general meetings within the time specified in section 122(1A) of the Companies Ordinance by designating our chief financial officer and company secretary to (i) monitor the regulatory compliance regarding company secretarial matters and financial reporting in respect of our Hong Kong subsidiaries, and (ii) keep abreast of the regulatory requirements regarding financial reporting under the Hong Kong regime. Our audit committee will also oversee the financial reporting and internal control procedures of our Company. In addition, in order to further strengthen the legal knowledge of our Directors and in compliance with the continuous training requirements for the Directors under the Listing Rules, we will engage our Hong Kong legal advisers to continue to provide on-going legal advice to us after Listing, and to provide training to our Directors and management personnel on the latest developments of various compliance matters relating to us, including the Listing Rules, Companies Ordinance and SFO, from time to time and as and when needed. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.