
CONNECTED TRANSACTIONS

Overview

PanAsia Aluminum (China), our wholly owned subsidiary, has entered into a number of agreements with associates of Mr. Marcus Pan, our executive Director and Controlling Shareholder, for the sale of aluminum products to, and the purchase of packaging materials from, such associates of Mr. Marcus Pan. As Mr. Marcus Pan is a connected person of our Company, such transactions will constitute connected transactions for our Company under the Listing Rules upon Listing.

Details of the continuing connected transactions of PanAsia Aluminum (China) upon Listing are as follows:

Continuing connected transactions subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement

Purchase of packaging materials from Zhanyao Packaging

During the Track Record Period, PanAsia Aluminum (China) purchased expandable polyethylene from Foshan Nanhai Zhanyao Packaging Materials Factory (佛山市南海展瑤包裝材料廠) ("Zhanyao Packaging") for the production of the Group as we do not have the equipment to produce such packaging materials. Zhanyao Packaging is principally engaged in the manufacturing of packaging materials. As Zhanyao Packaging is owned by Mr. Lin Jinkai (林錦開), an uncle of Mr. Marcus Pan, Zhanyao Packaging is an associate of Mr. Marcus Pan, our executive Director and Controlling Shareholder. Transactions between Zhanyao Packaging and PanAsia Aluminum (China) will constitute continuing connected transactions for our Company upon Listing.

For the years ended September 30, 2010, 2011 and 2012, packaging materials purchased by PanAsia Aluminum (China) from Zhanyao Packaging amounted to approximately HK\$1.4 million, HK\$1.6 million and HK\$1.2 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Zhanyao Packaging (the "Zhanyao Master Agreement") pursuant to which PanAsia Aluminum (China) agreed to purchase packaging materials from Zhanyao Packaging for a term of three years subject to an annual cap not exceeding HK\$1.5 million, HK\$1.8 million and HK\$2.0 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of purchase from Zhanyao Packaging and (ii) the projected increase in demand for packaging materials. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 15% increment from the immediate preceding year as we expect our annual sales to grow by at least 15% annually, and our demand for packaging materials generally increases at a rate similar to the rate of increase in our sales. The packaging materials to be purchased from Zhanyao Packaging will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in demand of packaging materials by PanAsia Aluminum (China).

Given that the prices for the packaging materials that PanAsia Aluminum (China) will purchase from Zhanyao Packaging will be based on prevailing market rates and that the transactions under the Zhanyao Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) consider that the Zhanyao Master Agreement to have been entered into under normal commercial terms and is fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Zhanyao Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Purchase of packaging materials from Zhongxing Packaging

During the Track Record Period, PanAsia Aluminum (China) purchased plastic cling wrap from Foshan Nanhai Dali Zhongxing Paper and Plastic Packaging Products Factory (佛山市南海區大瀝中興紙塑包裝製品廠) (“Zhongxing Packaging”) for the production of the Group as we do not have the equipment to produce such packaging materials. Zhongxing Packaging is principally engaged in the manufacturing of plastic packaging materials. As Zhongxing Packaging is owned by Ms. Kuang Shunming (鄺順明), an aunt of Mr. Marcus Pan, Zhongxing Packaging is an associate of Mr. Marcus Pan, our executive Director and Controlling Shareholder. Transactions between Zhongxing Packaging and PanAsia Aluminum (China) will constitute continuing connected transactions for our Company upon Listing.

For the years ended September 30, 2010, 2011 and 2012, packaging materials purchased by PanAsia Aluminum (China) from Zhongxing Packaging amounted to approximately HK\$3.1 million, HK\$2.8 million and HK\$2.6 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Zhongxing Packaging (the “Zhongxing Master Agreement”) pursuant to which PanAsia Aluminum (China) agreed to purchase packaging materials from Zhongxing Packaging for a term of three years subject to an annual cap not exceeding HK\$3.3 million, HK\$3.7 million and HK\$4.3 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of purchase from Zhongxing Packaging and (ii) the projected increase in demand for packaging materials. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 15% increment from the immediate preceding year as we expect our annual sales to grow by at least 15% annually, and our demand for packaging materials generally increases at a similar rate as our sales. The packaging materials to be purchased from Zhongxing Packaging will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in the demand of packaging materials by PanAsia Aluminum (China).

Given that the packaging materials PanAsia Aluminum (China) will purchase from Zhongxing Packaging will be based on prevailing market rates and that the transactions under the Zhongxing Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) believe the Zhongxing Master Agreement to have been entered into under normal commercial terms and to be fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Zhongxing Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Supply of products to Rongjin Curtain Wall

During the Track Record Period, PanAsia Aluminum (China) supplied aluminum products to Guangzhou Rongjin Curtain Wall Co., Ltd. (廣州市榮晉幕牆有限公司) (“Rongjin Curtain Wall”) for the curtain wall projects that were undertaken by Rongjin Curtain Wall. Rongjin Curtain Wall is principally engaged in the assembly, fabrication and installation of window systems. As Rongjin Curtain Wall is owned as to 25% by Mr. Pan Xieguang (潘燮光), the father of Mr. Marcus Pan, as to 45% by Mr. Pan Gaolin (潘高林), the brother-in-law of Mr. Marcus Pan, and as to 30% by Ms. Kuang Shunyou (鄺順友), the mother of Mr. Marcus Pan and a director of PanAsia Aluminum (China), Rongjin Curtain Wall is an associate of Mr. Marcus Pan, our executive Director and controlling shareholder. Transactions

CONNECTED TRANSACTIONS

between Rongjin Curtain Wall and PanAsia Aluminum (China) will constitute continuing connected transactions for us upon Listing.

For the years ended September 30, 2010, 2011 and 2012, products supplied by PanAsia Aluminum (China) to Rongjin Curtain Wall amounted to approximately HK\$18.0 million, HK\$19.7 million and HK\$33.2 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Rongjin Curtain Wall (the “Rongjin Master Agreement”) pursuant to which PanAsia Aluminum (China) agreed to supply aluminum products to Rongjin Curtain Wall for a term of three years subject to an annual cap not exceeding HK\$33.5 million, HK\$35.2 million and HK\$37.0 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of supply to Rongjin Curtain Wall and (ii) the projected increase in demand from Rongjin Curtain Wall for aluminum products. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 5% increment from the immediate preceding year, which was based on the anticipated increase in demand for aluminum products from Rongjin Curtain Wall for the three years ending September 30, 2013, 2014 and 2015. The products to be supplied to Rongjin Curtain Wall will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in the supply of aluminum products to Rongjin Curtain Wall.

Given that the products PanAsia Aluminum (China) will supply to Rongjin Curtain Wall will be based on prevailing market rates and that the transactions under the Rongjin Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) believe the Rongjin Master Agreement to have been entered into under normal commercial terms, and to be fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Rongjin Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Confirmations

Directors’ Confirmation

The Directors (including the independent non-executive Directors) confirmed that the continuing connected transactions in relation to the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement have been entered into in the ordinary and usual course of business of our Company on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) further confirmed that the proposed annual caps in respect of the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Joint Sponsors’ Confirmation

The Joint Sponsors have confirmed to our Company that they are of the opinion that the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms, are fair and reasonable and are in

CONNECTED TRANSACTIONS

the interests of the Shareholders as a whole, and the proposed annual caps for such continuing connected transactions are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Waiver from the Stock Exchange

On the basis of the above, we have applied to the Stock Exchange for a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements in respect of the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement.

If any of the material terms of the continuing connected transactions referred to above are altered, or if our Company enters into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by us exceed the limits for exempt connected transactions or exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements of the Listing Rules.