You should read the following discussion and analysis in conjunction with our audited financial information as of, and for the years ended, September 30, 2010, 2011 and 2012, together with the notes thereto included in Appendix I to this prospectus. Our audited financial information is prepared in conformity with HKFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountant's Report included as Appendix I to this prospectus and not rely merely on the information contained in this section. Unless the context otherwise requires, financial information in this section is described on a combined basis.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.

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 revenues. We have established sales channels and market presence in the PRC, Hong Kong and overseas.

We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. For the year ended September 30, 2012, we generated revenue of HK$1,143.5 million, HK$258.2 million and HK$1,035.3 million from Electronics Parts, Branded OPLV Products and Construction and Industrial Products, respectively. During the Track Record Period, our revenue was derived from sales in the PRC, Hong Kong and our export markets, including Australia, North America (Canada and the United States) and others (namely, South Africa and Malaysia).

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%.

Basis of Presentation

Our combined balance sheets, combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements for the Track Record Period as included in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, include the results of operations of the companies comprising the Group following the consummation of the Reorganization, as if our Group had been in existence in its current form throughout the Track Record Period.

We are principally engaged in the manufacturing and trading of aluminum products ("Listing Business"). Immediately prior to the Reorganization, the Listing Business was held by PanAsia Enterprises (BVI), conducted through PanAsia Enterprises (BVI) and its subsidiaries. Pursuant to the Reorganization, PanAsia Enterprises (BVI), and the Listing Business, was transferred to and held by the Company. PanAsialum Holdings Company Limited was not involved in any other business prior to the Reorganization and the Reorganization did not result in a change of our management or controlling shareholders. Accordingly, the combined financial information of the companies now

comprising our Group is presented using the carrying values of the Listing Business under PanAsia Enterprises (BVI) for all periods presented. For the purpose of the Accountant's Report, our combined financial information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Transactions, balances and unrealized profits or losses on transactions between companies within the Group are eliminated on combination.

Key Factors Affecting Our Results of Operations

The following are key factors that affect our financial condition and results of operations. They are important for understanding our business:

- Market demand for our products in the PRC, Australia and our other markets and downstream demand for the electronic products in which some of our products are used;
- Our product mix with different pricing characteristics and future growth prospects;
- Anti-dumping and countervailing duties;
- Disposal of subsidiaries;
- Production capacity expansion and utilization; and
- Production costs.

Market demand for our products in the PRC, Australia and our other markets and downstream demand for the electronic products in which some of our products are used

Our revenue depends on the demand for our products in the PRC, Australia and our other markets, which in turn is dependent on the overall level of economic growth in those regions. During the Track Record Period, the PRC and Australia were our largest markets. For the years ended September 30, 2010, 2011 and 2012, 36.7%, 56.2% and 62.8%, respectively, of our revenue was derived from sales in the PRC and 49.7%, 35.0% and 30.1%, respectively, of our revenue was derived from sales in Australia. Despite the global financial crisis which began in 2008 and contributed to the sustained weakness of the U.S. economy and the ongoing economic turmoil in Europe, the economies of the PRC and Australia have continued to experience comparatively strong growth in recent years. From 2008 through 2011, the nominal GDP of the PRC grew at a CAGR of 17.3% and the nominal GDP of Australia grew at a CAGR of 12.2%. Macro-economic conditions in the PRC and Australia will continue to significantly affect our results of operations. In addition, some of our Electronics Parts, which have accounted for increasing shares of our revenue and profit, are components for some of the world's most popular consumer electronic products. The demand for our Electronics Parts, therefore, is strongly influenced by the demand for such end-products. Such demand is, in turn, determined by the purchasing power of consumers worldwide, which is ultimately influenced by the overall health of the world economy. The Directors confirm that, save as disclosed in this prospectus, they are not aware of any particular unfavorable trends or developments which might have a material adverse impact on our business and financial performance.

Our product mix with different pricing characteristics and future growth prospects

The three categories of our products have different pricing characteristics and future growth prospects. With respect to the Electronics Parts, we endeavor to increase the proportion of high-value-added products, which we expect will continue to enhance our profitability. For our CNC Products, we charge a per unit price taking 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. We understand, based on information available to us, that the gross profit margins of our CNC Products during the Track Record Period were in line with those of comparable companies in the market. 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 our Branded OPLV Products, as systems, offer our customers and end-customers more value, and we intend to continue to grow our Branded OPLV Products business and enhance its profit margin. With our Construction and Industrial Products, as well as our Electronics Parts other than the CNC Products, we follow the industry practice and price them on a "cost-plus" basis by weight, comprising the price of aluminum per kilogram at prevailing spot market benchmark rates and a negotiated per kilogram processing fee. Our Construction and Industrial Products have attracted relatively stable demand, and we expect to continue to generate stable revenue from this product category. Due to the varying levels of profit margins of our product categories and our different growth strategies for them, any material changes in our product mix, whether due to changes in demand from major customers or other reasons, may have an effect on our financial condition and results of operations.

Anti-dumping and countervailing duties

We have derived a substantial portion of our revenue and profit from the export of our Construction and Industrial Products to overseas markets. During the Track Record Period, certain foreign governments, including those in Australia, Canada and the United States, instituted investigations and imposed anti-dumping and countervailing duties on Chinese aluminum extrusion products exported to such countries. Such duties, which are payable by the importers in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a disadvantage relative to local producers. As a result, our sales to Canada and the United States fell substantially during the Track Record Period and we have withdrawn from the U.S. market. The anti-dumping and countervailing duties imposed in Australia, our largest export market during the Track Record Period, were substantially lower than those imposed in Canada or the United States, leaving a lesser impact on our exports to Australia. A strong Australian dollar (against the U.S. dollar and the H.K. dollar) during the relevant period also helped maintain our revenue growth from Australian sales. Nevertheless, in terms of sales volume, our sales to Australia decreased in the year ended September 30, 2011 as compared to the year before. 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 importers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the 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 duties in Australia. The outcome of the currently ongoing legal proceedings, expected in the first half of 2013, may affect our future sales to Australia.

The following table sets forth a breakdown of gross profits and gross profit margins attributable to our sales to the different markets affected by the anti-dumping and countervailing duties, as well as those attributable to our various former subsidiaries, during the Track Record Period:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Gross profit and gross profit margin						
Markets affected by duties						
North America	17.2	14.3%	7.0[1]	13.1%	3.1[2]	6.2%
Former subsidiaries[3]	1.2	11.4%	0.8	8.8%	—	—
Other customers	16.0	14.6%	6.2	13.9%	3.1	6.2%
Australia	202.1	29.8%	234.5	32.0%	207.1	28.3%
Former subsidiaries[4]	104.4	26.0%	181.8	29.1%	163.2	25.9%
Other customers	97.7	35.3%	52.7	48.5%	43.9	42.3%
Unaffected markets						
PRC	57.1	11.4%	238.9	20.3%	386.2	25.2%
Hong Kong	15.2	27.3%	22.1	22.9%	16.6	23.3%
Others[5]	0.3	3.1%	2.2	6.5%	1.9	3.6%
Total	291.9	21.4%	504.7	24.1%	614.9	25.2%

Notes:
(1) Substantially all of the sales were made in Canada.
(2) All of the sales were made in Canada.
(3) Namely, PanAsia Aluminum (Toronto), which was disposed of by us on December 31, 2009 and subsequently dissolved on October 26, 2011.
(4) Namely, Oceanic, P & O Rolled Products and P & O Group, which were disposed of by us on May 31, December 30 and December 31, 2009, respectively.
(5) Include South Africa and Malaysia.

The above gross profit margin for other customers in Australia in the year ended September 30, 2011 was 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 products, 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. See also "—Combined Statements of Comprehensive Income—Gross Profit."

The tables below set forth further analyses of our revenue from and profitability of sales during the Track Record Period to the P & O Companies and other customers in Australia by timing and by the various types of products as indicated.

	Year ended September 30,		
	2010	2011	2012
	(HK$ in millions)		
Revenue from Australia sales			
Prior to imposition of duties			
All goods	394.4	—	—
Post imposition of duties			
Ready-for-sale goods (not subject to duties)	18.8	84.9	86.2
P & O Companies	—	—	—
Other customers	18.8	84.9	86.2
Semi-finished goods (not subject to duties)	83.7	268.9	284.3
P & O Companies	83.7	257.8	267.9
Other customers	0.0	11.1	16.4
Goods subject to duties	182.2	378.9	362.3
P & O Companies	147.7	366.3	361.2
Other customers	34.5	12.6	1.1
Total	679.1	732.7	732.8

	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 of our ready-for-sale goods were higher than those for our semi-finished goods and goods subject to duties because the ready-for-sale goods by their nature contain more value added by us and we have charged higher prices accordingly. Our customers may resell these goods to consumers without undertaking further manufacturing procedures.

The gross profit margins of our semi-finished goods sold to the P & O Companies were lower than those for goods subject to duties sold to the P & O Companies. This is primarily because the semi-finished goods require additional manufacturing procedures (e.g., cutting, drilling, welding and assembly) and are therefore higher value-added, and we have priced such additional value at cost without a margin giving consideration to the large volume of orders from the P & O Companies. With no added gross profit and a larger revenue, the gross margin declines as a result. By comparison, in the limited instances where we sold semi-finished goods to other companies, we priced the additional value at a margin and, accordingly, the corresponding profit margins were higher than those for goods subject to the duties sold to the other companies.

The gross profit margins of goods subject to duties sold to the P & O Companies were higher than those for goods subject to duties sold to other companies because the relevant goods sold to the P & O Companies were more complex (e.g., caravans), some of which require specially designed dies, and accordingly commanded higher prices.

Disposal of subsidiaries

During the Track Record Period, we disposed of and dissolved a number of subsidiaries in Australia and Canada due to a strategic shift of our business to the Greater China market and due to diminished prospects in these markets following the imposition of government trade measures. See "History, Reorganization and Corporate Structure—Disposal of P & O Group and Oceanic" and "—Disposal of PanAsia Aluminum (Toronto) and dissolution of PanAsia Aluminum (Calgary) and PanAsia Aluminum (Vancouver)" beginning on page 100 in this prospectus. Prior to the disposals, we conducted considerable business through some of these former subsidiaries, particularly P & O Group and Oceanic in Australia. 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, as 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). After the disposals, the P & O Companies became our major customer in Australia. See "Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship" beginning on page 120 in this prospectus. 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. Even though the disposals were one-off transactions which will not affect our future financial conditions, they affected our results of operations during the Track Record Period.

Production capacity expansion and utilization

Our production capacity is a key factor affecting our sales. We have continually expanded our production capacity both for conventional aluminum extrusion production and for our more sophisticated products processed using CNC machining centers, in order to keep up with increasing demand for our products. We plan to continue to increase our production capacity to match demand, which we believe will enable us to increase our manufacturing output and sales revenue. If, however, there is a significant decrease in demand, we could be left with excess production capacity, and our revenue and return on assets may decline.

Production costs

Our cost of sales comprises principally the cost of raw materials, most of which are aluminum ingots. We have generally been able to pass on the cost of raw materials to our customers to a significant extent. Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots, and purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. The spot price of aluminum has fluctuated in the past and during the Track Record Period. Historically, we have included the price of aluminum as an inherent component in pricing our products. As such, most of

the risks associated with the aluminum price fluctuation has been passed on to our customers. Our Directors confirm that we will continue such pricing strategy in the future. For more information, see "Business—Suppliers—Raw Materials" beginning on page 139 in this prospectus.

If the aluminum ingot prices continue to fluctuate in the future and if we are unable to pass on any increased cost of raw materials to our customers, our financial condition and operating results may be adversely affected.

For illustration purposes only, a sensitivity analysis on price fluctuation of our major raw material, aluminum ingot, during the Track Record Period is set out as follows, which shows the hypothetical effects of changes in aluminum prices on our net profit, assuming we are not able to pass on such changes to our customers while all other factors remain unchanged. The range of aluminum ingot prices for the sensitivity analysis below is based on the historical low and high prices during the Track Record Period:

Changes in our net profit for various aluminum ingot prices

	TRP low of RMB11,500/MT	TRP monthly average of RMB14,842/MT	TRP high of RMB16,230/MT
		(HK$ in thousands)	
Year ended September 30, 2010	132,722	(44,563)	(118,187)
Year ended September 30, 2011	274,650	22,090	(82,794)
Year ended September 30, 2012	280,885	7,453	(106,099)

Note:
The magnitude of changes in the upside case will be the "mirror image" of the downside case only if the spot price happens to be exactly in the middle. In reality throughout the Track Record Period, the spot price was sometimes closer to the low-end and sometimes closer to the high-end. Therefore, in different points in time, the magnitude of upward changes differs from that of downward changes.

We have, however, been affected by increasing labor costs. Our wage expenses have risen in recent years as a result of regulatory changes, such as the imposition of higher minimum wages in Guangdong Province and additional statutory holidays for workers, as well as increased competition for manufacturing workers in Guangdong Province. As these trends continue, our labor costs may continue to increase, which may adversely affect our profitability.

Return on Investment Capital

	Year ended September 30,		
	2010	2011	2012
Sales turnover	3.12	3.27	3.31
Net profit margin	6.3%	12.5%	14.7%

Return on investment capital, which is driven by sales turnover (sales/total equity) and net profit margin (profit attributable to equity holders of the Company/sales), continued to improve during the Track Record Period. Such improvement was due to the improvements of both sales turnover (to a larger extent) and net profit margin (to a smaller extent).

Sales turnover continued to improve mainly because of our strategic move to focus more on the Electronics Parts business from which we were able to generate an increasing amount of sales with our invested capital. In particular, we supplied products to the Foxconn Companies with increasing variety and technical complexity (e.g., from aluminum plates to aluminum unibody chassis for the popular multimedia tablets), for which we were able to command higher average selling prices.

Net profit margin also continued to improve mainly because (i) we were able to achieve an improving gross profit margin for Electronics Parts with higher average selling prices as explained

above, (ii) we disposed of our stakes in Oceanic and the P & O Group in May and December 2009 respectively which reduced the distribution and selling expenses as well as administrative expenses that would have been incurred by us and (iii) an increasing proportion of our sales were conducted through OPAL Macau, which is not subject to income tax.

Critical Accounting Policies

We have prepared our combined financial statements in accordance with HKFRS, which requires us to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The assumptions and estimates are based on our historical experience and various other factors that our management believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. Therefore, when reviewing our combined financial information, you should consider our selection of critical accounting policies, the judgments and other uncertainties affecting the application of such policies, and the sensitivity of reported results to changes in the conditions and assumptions. Our significant accounting policies and critical accounting estimates are summarized in notes 2 and 4 to our combined financial information included in the Accountant's Report as set out in Appendix I to this prospectus. We believe that the following are the most significant estimates and judgments used in the preparation of our combined financial information.

Financial Assets

We classify our financial assets into two categories: (i) financial assets at fair value through profit or loss and (ii) loans and receivables, depending on the purpose for which the assets in question were acquired. We determine the classification at initial recognition and re-evaluate the classification at each balance sheet date.

We offset financial assets and liabilities and report the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial Assets at Fair Value Through Profit or Loss

We classify a financial asset as financial asset at fair value through profit or loss if we acquired it principally for the purpose of selling in the short term. We classify derivative financial instruments in this category unless they are designated as hedges. Assets in this category are classified as current assets if they mature within 12 months from the respective balance sheet date.

Our derivative financial instruments do not qualify for hedge accounting, and are classified in this category. We recognize them initially at fair value on the dates the derivative contracts were entered into and subsequently re-measure them at fair value. Such fair-value changes are recognized immediately in the combined statements of comprehensive income within "other gains/(losses)—net."

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. We classify them as current assets, except for those with maturities greater than 12 months from the balance sheet date, which we classify as non-current assets.

We initially recognize loans and receivables at fair value plus transaction costs and subsequently carry them at amortized cost using the effective interest method. We assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. We derecognize financial assets when the rights to receive cash flows from the assets have

expired or have been transferred and we have transferred substantially all risks and rewards of ownership.

Trade and Other Receivables. We initially recognize trade and other receivables at fair value and subsequently measure them at amortized cost using the effective interest method, less provision for impairment. We establish a provision for impairment of trade and other receivables when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. We consider significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganizations and default or delinquency in payments to be indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. We reduce the carrying amount of the assets through the use of an allowance account, and we recognize the amount of the loss in the combined statements of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. We credit subsequent recoveries of amounts previously written off against administrative expenses in the combined statements of comprehensive income.

Inventories

We state inventories at the lower of cost and net realizable value. We determine cost using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

Property, Plant and Equipment

We state property, plant and equipment at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items of property, plant and equipment.

We include subsequent costs in an asset's carrying amount or recognize them as a separate asset, as appropriate, only when it is probable that we will receive the future economic benefits associated with the item and that the cost of the item can be measured reliably. We derecognize from the carrying amount any replaced part. We charge all other repairs and maintenance to the combined statements of comprehensive income during the financial period in which they are incurred.

We calculate the depreciation of property, plant and equipment using the straight-line method to allocate their costs, less their estimated residual value, if any, over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	5 - 10 years
Office equipment	3 - 5 years
Furniture and fixtures	5 years
Motor vehicles	4 - 10 years

We state construction in progress, which refers to direct expenditures for the construction of buildings, at cost. Capitalized costs include costs incurred during the construction phase which directly relates to the asset under construction. Once all the activities necessary to prepare an asset to be available for use are substantially completed, we transfer the construction in progress to property, plant and equipment. No depreciation is provided in respect of construction in progress.

We review and adjust the assets' useful lives and residual value, as appropriate, at the end of each reporting period. We immediately write down an asset's carrying amount to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. We determine gains or losses on disposals by comparing the proceeds with the carrying amounts and recognize such amounts in the combined statements of comprehensive income.

Impairment of Investments in Subsidiaries and Non-financial Assets

We review assets for impairment whenever events or changes in circumstances indicate that certain carrying amount may not be recoverable. We recognize an impairment loss for the amount by which the asset's carrying amount exceeds its recoverable amount. We recognize the recoverable amount at the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, we group assets at the lowest levels for which there are separately identifiable cash flows (cash-generating units). We review at each balance sheet date non-financial assets other than goodwill that suffered an impairment for possible reversal of the impairment.

Income Taxes

We are subject to income tax in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current income tax and deferred tax provision in the period in which such determination is made.

Identification of Functional Currencies

The functional currency for each entity in our Group is the currency of the primary economic environment in which it primarily generates and expends cash. The determination of functional currencies involves significant judgment. We reconsider the functional currencies of our entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. Due to the existence of various functional currencies in our Group, there are currency translation differences when we combine results of the entities in our Group and present the combined financial information in H.K. dollars, which is our presentation currency, which we record as "other comprehensive income" in our combined statements of comprehensive income.

Combined Statements of Comprehensive Income

The table below summarizes our combined results for the years ended September 30, 2010, 2011 and 2012.

	Year ended September 30,		
	2010	2011	2012
	(HK$ in millions)		
Revenue	1,366.9	2,090.6	2,437.0
Cost of sales	(1,075.0)	(1,585.9)	(1,822.1)
Gross profit	291.9	504.7	614.9
Distribution and selling expenses	(115.6)	(89.3)	(102.6)
Administrative expenses	(80.1)	(82.3)	(138.7)
Other income	7.0	7.8	4.0
Other gains/(losses)—net	5.7	(45.2)	27.2
Operating profit	108.9	295.7	404.8
Finance income	0.2	0.2	0.2
Finance costs	(14.1)	(21.5)	(25.7)
Finance costs—net	(13.9)	(21.3)	(25.5)
Profit before income tax	94.9	274.4	379.3
Income tax expense	(8.2)	(14.1)	(22.2)
Profit for the year/period	86.7	260.3	357.1
Other comprehensive income			
Currency translation differences	(5.5)	9.6	0.5
Total comprehensive income for the year	81.2	269.9	357.6
Profit attributable to:			
Equity holders of the Company	86.7	260.3	357.1
Total comprehensive income attributable to:			
Equity holders of the Company	81.2	269.9	357.6

Revenue

We derive revenue from three product categories: (i) Electronics Parts; (ii) Branded OPLV Products; and (iii) Construction and Industrial Products, as described in detail in the section entitled "Business—Our Products" on page 110 of this prospectus. 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%

We have derived significant portions of our revenue from the Foxconn Companies and the P & O Companies, as set out in the following table:

	Year ended September 30,		
	2010	2011	2012
	(HK$ in millions)		
P & O Companies	402.0	624.0	629.1
Foxconn Companies	107.2	786.2	1,113.0

Electronics Parts. The following table sets out the sales revenue, sales volume and average selling price of our Electronics Parts during the Track Record Period:

	Year ended September 30,					
	2010		2011		2012	
Electronics Parts						
Sales revenue (HK$ in millions)	119.8	100%	791.5	100%	1,143.5	100%
From the Foxconn Companies	107.2	89.5%	786.2	99.3%	1,113.0	97.3%
From other customers	12.6	10.5%	5.3	0.7%	30.5	2.7%
Sales volume (MT)	5,612.7	100%	26,816.8	100%	31,945.5	100%
To the Foxconn Companies	5,001.1	89.1%	26,596.5	99.2%	30,629.6	95.9%
To other customers	611.6	10.9%	220.3	0.8%	1,315.9	4.1%
Average selling price (HK$/kilogram)	21.3		29.5		35.8	
Foxconn Companies	21.4		29.6		36.3	
Other customers	20.6		24.1		23.2	

As illustrated above, sales to the Foxconn Companies accounted for a majority of our Electronics Parts sales during the Track Record Period, particularly for the year ended September 30, 2011, when we started to supply to the Foxconn Companies aluminum plates for the popular multimedia tablets and laptop computers, and for the year ended September 30, 2012, when we also started to supply to the Foxconn Companies aluminum unibody chassis for the multimedia tablets. The average price of our sales to the Foxconn Companies increased steadily during the Track Record Period primarily due to (i) such new types of products supplied which were more value-added; and (ii) an increase in aluminum ingot price.

Branded OPLV Products. The following table sets out the sales revenue, sales volume and average selling price of our Branded OPLV Products during the Track Record Period:

	Year ended September 30,		
	2010	2011	2012
Branded OPLV Products			
Sales revenue (HK$ in millions)	129.4	182.7	258.2
Sales volume (MT)	4,462.0	5,727.4	7,535.3
Average selling price (HK$/Kilogram)	29.0	31.9	34.3

The average selling price of our Branded OPLV Products increased gradually over time during the Track Record Period, primarily due to the increase in aluminum ingot price which we passed on to our customers.

Construction and Industrial Products. The following table sets out the sales revenue, sales volume and average selling price of our Construction and Industrial Products:

	Year ended September 30,		
	2010	2011	2012
Construction and Industrial Products			
Sales revenue (HK$ in millions)	1,117.7	1,116.4	1,035.3
Sales volume (MT)	41,046.8	34,858.5	30,857.8
Average selling price (HK$/Kilogram)	27.2	32.0	33.6

The average selling price of our Construction and Industrial Products increased steadily during the Track Record Period primarily due to (i) the increase in aluminum ingot price and (ii) the appreciation of Australian dollars against H.K. dollars as Australia was the largest market for our Construction and Industrial Products during the Track Record Period.

We also assess our revenue from a geographical perspective. During the Track Record Period, we derived revenue from five geographic regions: the PRC, Australia, North America (Canada and the United States), Hong Kong and others (namely, South Africa and Malaysia). The following table sets out the composition of our revenue by geographic location for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Revenue						
PRC	501.5	36.7%	1,174.7	56.2%	1,530.1	62.8%
Australia	679.1	49.7%	732.7	35.0%	732.8	30.1%
North America	119.6	8.7%	53.4	2.6%	50.5	2.1%
Hong Kong	55.6	4.1%	96.6	4.6%	71.1	2.9%
Others	11.1	0.8%	33.2	1.6%	52.5	2.1%
Total	1,366.9	100.0%	2,090.6	100.0%	2,437.0	100.0%

Our revenue from sales to North America decreased substantially during the Track Record Period primarily as a result of anti-dumping and countervailing duties imposed on our products exported to Canada and the United States. See "Business—Customers, Sales, Marketing and Distribution—Export—Anti-dumping and Countervailing Duties" on page 133 of this prospectus. Government trade measures applicable to our products were also instituted in Australia, our largest export market. However, our sales in Australia were not seriously affected because (i) the measures were not as severe as those imposed in Canada or the United States; and (ii) the Australian dollar appreciated against the U.S. dollar and the H.K. dollar during the same period, offsetting the measures' negative impact on our sales volume to Australia, which actually decreased in the year ended September 30, 2011 as compared to the year before. In addition, 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 importers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the duties. We are also in the course of diversifying markets for our Construction and Industrial Products by developing the Hong Kong and South African markets.

Cost of Sales

Our cost of sales consists primarily of the cost of aluminum ingots, other raw materials, wages, utilities, depreciation and non-refundable VAT.

The following table sets out the principal components of our cost of sales and their relative percentages of our total cost of sales for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Cost of sales						
Aluminum ingots	813.4	75.7%	1,205.5	76.0%	1,297.8	71.2%
Other raw materials	144.1	13.4%	210.5	13.3%	266.7	14.6%
Wages	37.9	3.5%	52.4	3.3%	114.0	6.3%
Utilities	34.2	3.2%	41.9	2.6%	60.6	3.3%
Depreciation	17.7	1.6%	20.6	1.3%	44.1	2.4%
Non-refundable VAT	21.9	2.0%	48.8	3.1%	30.5	1.7%
Others	5.8	0.6%	6.2	0.4%	8.4	0.5%
Total	1,075.0	100.0%	1,585.9	100.0%	1,822.1	100.0%

Aluminum ingots. The cost of aluminum ingots is our primary cost of sales. During the years ended September 30, 2010, 2011 and 2012, we spent HK$813.4 million, HK$1,205.5 million and HK$1,297.8 million, respectively, for the purchase of aluminum ingots, representing 75.7%, 76.0% and 71.2% of our cost of sales, respectively. During the Track Record Period, our purchase price of aluminum ingots generally fluctuated with the market. The prices were slightly magnified in our financial statements due to the gradual appreciation of the Renminbi against the Hong Kong dollar during the Track Record Period, as we purchase aluminum ingots with Renminbi. Our average purchase price of aluminum ingots during the Track Record Period was HK$17.56 per kilogram. The table below sets forth our maximum, minimum and average purchase price of aluminum ingots for the periods indicated.

	Year ended September 30,		
	2010	2011	2012
	(HK$ per kilogram)		
Aluminum ingots			
Maximum purchase price	18.01	19.19	18.95
Minimum purchase price	13.07	16.21	16.04
Average purchase price	15.91	17.89	18.44

Other raw materials. Other raw materials used in our production primarily include magnesium, silicon, sulfuric acid, powder paint and PVDF paint. During the years ended September 30, 2010, 2011 and 2012, we spent HK$144.1 million, HK$210.5 million and HK$266.7 million, respectively, for these other raw materials, representing 13.4%, 13.3% and 14.6% of our cost of sales, respectively.

Wages. Wages include staff salaries and bonuses and fees paid to the third-party staffing company. During the years ended September 30, 2010, 2011 and 2012, we spent HK$37.9 million, HK$52.4 million and HK$114.0 million, respectively, on wages. Our spending on wages increased steadily during the Track Record Period primarily due to (i) increased headcount; (ii) rising wage levels in our production base in China; and (iii) the appreciation of the Renminbi against H.K. dollars.

Utilities. Our manufacturing operations require substantial amounts of water and electricity. During the years ended September 30, 2010, 2011 and 2012, we spent HK$34.2 million, HK$41.9 million and HK$60.6 million, respectively, on utilities.

Non-refundable VAT. Pursuant to PRC regulations, export sales are generally exempt from VAT. The PRC central government generally gives an exporter a full refund of the input VAT paid on the materials used for export sales, at the rate of 17%. However, certain specified categories of products can only enjoy a lower VAT refund. See "Regulations—Overview of PRC Regulations—Taxation—

Value-Added Tax." Some of our exported products enjoy a lower VAT refund at the rate of 13%, which on a net basis results in 4% non-refundable VAT for us on such portion of export sales. We record this differential in the cost of sales of the respective export sales. During the years ended September 30, 2010, 2011 and 2012, we incurred HK$21.9 million, HK$48.8 million and HK$30.5 million, respectively, on non-refundable VAT.

Gross Profit

During the years ended September 30, 2010, 2011 and 2012, our gross profit was HK$291.9 million, HK$504.7 million and HK$614.9 million, respectively, and our gross profit margin was 21.4%, 24.1% and 25.2%, respectively. The increasing trend in our gross profit was due to the expansion of our operations with increased sales. The changes in our gross profit margin were mainly due to changes in our product mix.

The following table sets out our gross profit and gross profit margin by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Electronics Parts	9.3	7.7%	183.0	23.1%	317.5	27.8%
Branded OPLV Products	32.3	24.9%	43.7	23.9%	58.6	22.7%
Construction and Industrial Products	250.3	22.4%	278.0	24.9%(1)	238.8	23.1%(1)
Total	291.9	21.4%	504.7	24.1%	614.9	25.2%

Note:

(1) During the Track Record Period, the Australian dollar appreciated against the H.K. dollar, which buoyed the gross profit margins of our Construction and Industrial Products, which we sold to the Australian market in large quantities. Had the Australian dollar-H.K. dollar exchange rate been held constant at 6.95, the average rate for our internal purposes for the year ended September 30, 2010, all else being equal, the gross profit margin for our Construction and Industrial Products would have been 17.5% and 14.5% for the years ended September 30, 2011 and 2012, respectively.

A significant percentage of our Electronics Parts sales during the Track Record Period was derived from the Foxconn Companies. The gross profit margins of our sales to the Foxconn Companies have historically been higher than those for our other sales. Such gross profit margins were determined by the average selling prices and the corresponding cost of sales of the various types of products we supplied to the Foxconn Companies. Both the average selling prices and the cost of sales could in turn be materially affected by the price of aluminum ingot. The following table sets forth a *pro forma* analysis of what such gross profit margins would have been had the aluminum ingot price remained constant:

	Year ended September 30,		
	2010	2011	2012
Gross profit margin of sales to Foxconn Companies			
Assuming a constant aluminum ingot price of HK$15,911 per MT (average aluminum ingot price for the year ended September 30, 2010)	8.1%	23.5%	30.1%

The following table sets out the gross profit and gross profit margin of our Construction and Industrial Products by market for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Construction and Industrial Products						
PRC	15.5	6.2%	12.2	6.1%	10.1	7.9%
Australia	202.1	29.8%	234.5	32.0%	207.1	28.3%
North America	17.1	14.3%	7.0	13.1%	3.1	6.2%
Hong Kong	15.2	27.3%	22.1	22.9%	16.6	23.3%
Others	0.3	3.1%	2.1	6.5%	1.9	3.6%
Total	250.3	22.4%	278.0	24.9%	238.8	23.1%

The gross profit margins of our Construction and Industrial Products sold to Australia were affected by a number of factors, some of which were common to all market participants. To illustrate the effect of each of such factors, the following table sets out *pro forma* analyses of what such gross profit margins would have been based on the counterfactual assumptions set forth below.

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Pro Forma Gross Profit and Gross Profit Margin						
Assuming a constant Australian dollar-H.K. dollar exchange rate of 6.95 (average exchange rate for the year ended September 30, 2010*)	202.1	29.8%	134.5	21.3%	103.7	16.5%
Assuming the elimination of volume discounts to the P & O Companies	258.2	35.1%	265.7	34.8%	237.2	31.1%
Assuming a constant aluminum ingot price of HK$15,911 per MT (average aluminum ingot price for the year ended September 30, 2010)	202.1	29.8%	234.5	33.9%	207.1	30.4%
Assuming an average selling price of A$4,372 per MT (average selling price per MT to the P & O Companies for the year ended September 30, 2010)	202.1	29.8%	223.6	31.0%	179.2	25.4%

* The average Australian dollar-H.K. dollar exchange rate for the year ended September 30, 2010 was lower than those for the years ended September 30, 2011 and 2012.

Distribution and Selling Expenses

Our distribution and selling expenses primarily consist of shipping costs and compensation for our sales team, as well as costs for advertising, sales consultancy fees (paid to an overseas consultancy for order management, technical communication and import arrangements in relation to our business transactions with a customer in Australia, as requested by the customer), trade tariffs (primarily those paid by our former subsidiaries in Australia prior to their disposal for importing our products to Australia and those we agreed to bear in relation to our exports to North America) and traveling expenses. We agreed to bear trade tariffs in relation to certain exports to North America as a convenience to a customer at its request. The charges to such customer for these sales were grossed up to include our expenses for trade tariffs.

The following table sets out the breakdown of our distribution and selling expenses for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Advertising	7.0	6.1%	6.4	7.2%	8.1	7.9%
Sales consultancy fees	1.5	1.3%	6.4	7.2%	2.5	2.4%
Sales commission	0.5	0.4%	0.3	0.3%	0.4	0.4%
Shipping	62.0	53.6%	45.7	51.2%	56.8	55.4%
Tariffs	10.4	9.0%	—	—	—	—
Staff compensation	28.6	24.8%	24.1	27.0%	27.2	26.5%
Traveling expenses	5.6	4.8%	6.4	7.1%	7.6	7.5%
Total	115.6	100.0%	89.3	100.0%	102.6	100.0%

Administrative Expenses

Our administrative expenses primarily consist of remuneration for our administrative staff, rent payments, depreciation, provision for doubtful debts, legal and professional fees, insurance, travelling expenses and other miscellaneous administrative expenses, including various standard government levies such as the real estate tax, levee fees and stamp duties.

	Year ended September 30,					
	2010		2011		2012	
	(HK$ in millions, except percentages)					
Staff costs	30.9	38.6%	38.1	46.3%	62.0	44.7%
Rent and rates	4.1	5.1%	1.5	1.8%	2.6	1.9%
Depreciation	3.9	4.9%	6.4	7.8%	3.5	2.5%
Provision for doubtful debts	7.3	9.1%	(5.7)	(6.9)%	—	—
Audit fee	3.4	4.2%	3.6	4.4%	3.8	2.7%
Legal and professional fees	6.0	7.5%	2.8	3.4%	28.4	20.5%
Insurance	1.9	2.4%	2.0	2.4%	3.6	2.6%
Travelling expenses	3.2	4.0%	3.0	3.6%	4.2	3.0%
Others	19.4	24.2%	30.6	37.2%	30.6	22.1%
	80.1	100.0%	82.3	100.0%	138.7	100.0%

Other Income

Our other income primarily consists of (i) a grant we received from the Zengcheng government recognizing us as an advanced-technology enterprise; (ii) license fee income from one of our major customers in Australia and former subsidiary, P & O Group, for continuing to use our trade name "PanAsia" for a period after we disposed of our interests in December 2009 (see "Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship" on page 120 of this prospectus); (iii) the forfeiture of a customer's deposit upon expiration of the relevant contract; and (iv) interest income on overdue trade receivables from P & O Group (see "—Current Assets and Current Liabilities Analysis—Trade Receivables - Net" below).

Other Gains/(Losses)—Net

Our other gains/(losses)—net mainly consist of net exchange gains, fair-value losses on derivative financial instruments and gains on disposal of subsidiaries. For the years ended September 30, 2010, 2011 and 2012, our other gains/(losses)—net were HK$5.7 million, HK$(45.2) million and HK$27.2 million, respectively.

The following table sets out the breakdown of our other gains/(losses)—net for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
	(HK$ in millions)		
Net exchange gains/(losses)	20.7	(22.3)	27.6
Fair value loss on derivative financial instruments—foreign exchange forward contracts	(19.3)	(22.7)	(0.5)
Gain on disposal of subsidiaries	3.9	—	—
Fair value gain/(loss) on derivative financial instruments—equity index embedded derivative	0.4	(0.2)	0.1
Total	5.7	(45.2)	27.2

The combined impact of net exchange gains/(losses) and fair value loss on derivative financial instruments—foreign exchange forward contracts was positive for us for each of the years/periods during the Track Record Period except the year ended September 30, 2011. The combined loss during that year was primarily a result of unrealized losses on period-end translations of our significant Australian dollar-denominated trade receivables, triggered by strong depreciation of the Australian dollar against the Hong Kong dollar in August and September 2011, as well as cumulative losses on our foreign exchange forward contracts as described further below.

Net exchange gains/(losses). Our net exchange gains/(losses) comprise (i) unrealized gains or losses on period-end translation of foreign currency-denominated balance sheet items into functional currencies of the Group companies; and (ii) realized gains or losses on trade transactions triggered by fluctuations in currency exchange rates.

Fair value losses on derivative financial instruments—foreign exchange forward contracts. 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)

Note:
(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.

Since both types of foreign-exchange contracts are derivative financial instruments, we hold them at fair value, which is linked to the spot market exchange rates. We calculate fair-value gains or losses from each such contract based on the differentials between the actual settlement prices and the spot market exchange rates as of the month-end prior to the respective settlement dates. For the years ended September 30, 2010 and 2011, we recognized fair-value losses in the "knock-out" contracts of HK$20.3 million and HK$22.9 million, respectively, due to strong appreciation of the Australian dollar against the U.S. dollar, slightly offset by fair-value gains from the plain contracts of HK$1.0 million and HK$0.2 million, respectively.

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.

Fair value gain/(loss) on derivative financial instruments—equity index embedded derivative. In June 2010, we purchased notes with a 3.5 year maturity from HSBC in the principal amount of US$580,000. The return on the notes is linked to the performance of the shares of two benchmark companies listed on the Main Board. Even if both companies' shares experience a negative performance during the term of the notes, we will still be entitled to the repayment of the principal amount in full at maturity. As such, we view the notes as a conservative investment and intend to hold them until maturity through December 2013.

Finance Income

Finance income primarily consists of interest income from our bank deposits.

Finance Costs

Finance costs consist of interest expense on borrowings wholly repayable within five years and the interest element of finance leases.

Income Tax Expense

Our effective tax rate for the years ended September 30, 2010, 2011 and 2012 was 8.7%, 5.1% and 5.9%, respectively. The initial decrease in our effective tax rate from the year ended September 30, 2010 was primarily attributable to the increased proportion of our sales conducted through OPAL Macao (including eventual export sales and sales destined for bonded areas in China), our subsidiary in Macau, which is not subject to income tax. For details of our export practice, see "Business—Customers, Sales, Marketing and Distribution—Export" on page 131 in this prospectus. We did not enjoy any tax holiday during the Track Record Period.

Year Ended September 30, 2012 Compared to Year Ended September 30, 2011

Revenue

Revenue increased by 16.6% from HK$2,090.6 million for the year ended September 30, 2011 to HK$2,437.0 million for the year ended September 30, 2012. The increase in revenue was primarily due to increased sales of Electronics Parts to the Foxconn Companies, supplemented by increased sales of our Branded OPLV Products in China.

Cost of Sales

Cost of sales increased by 14.9% from HK$1,585.9 million for the year ended September 30, 2011 to HK$1,822.1 million for the year ended September 30, 2012.

Gross Profit

Our gross profit increased by 21.8% from HK$504.7 million for the year ended September 30, 2011 to HK$614.9 million for the year ended September 30, 2012. Our gross profit margin increased from 24.1% for the year ended September 30, 2011 to 25.2% for the year ended September 30, 2012 due to the following changes in the gross profit margin of each of our product categories.

Electronics Parts. The gross profit margin of our Electronics Parts increased from 23.1% for the year ended September 30, 2011 to 27.8% for the year ended September 30, 2012, mainly because we began producing and selling CNC Products, which have a relatively high gross profit margin, in October 2011.

Branded OPLV Products. The gross profit margin of our Branded OPLV Products decreased from 23.9% for the year ended September 30, 2011 to 22.7% for the year ended September 30, 2012, mainly because we gave more discounts to our OPLV Distributors to reward high-performing distributors and attract new distributors in the year ended September 30, 2012 in order to consolidate and strengthen our distribution network.

Construction and Industrial Products. The gross profit margin of our Construction and Industrial Products, decreased from 24.9% for the year ended September 30, 2011 to 23.1% for the year ended September 30, 2012, mainly because we further processed many of our Construction and Industrial Products intended for export (particularly to Australia) to allow our customers to avoid paying anti-dumping duties, without in turn increasing our selling prices on these "ready-for-sale" products.

Distribution and Selling Expenses

Distribution and selling expenses increased by 14.9% from HK$89.3 million for the year ended September 30, 2011 to HK$102.6 million for the year ended September 30, 2012. The increase was mainly due to an increase in shipping expenses as a result of increased freight rates and general increases in our sales commission, sales staff and travel expenses, partially offset by a decrease in sales consultancy fees in relation to our business transactions with a customer in Australia.

Administrative Expenses

Administrative expenses increased significantly by 68.6% from HK$82.3 million for the year ended September 30, 2011 to HK$138.7 million for the year ended September 30, 2012. The increase was mainly due to an increase in our staff costs and legal and professional fees relating to this Listing as well as the recovery of a provision for trade-related doubtful debts for the year ended September 30, 2011, which was not repeated in the year ended September 30, 2012.

Other Income

Other income decreased by 48.7% from HK$7.8 million for the year ended September 30, 2011 to HK$4.0 million for the year ended September 30, 2012. The decrease was mainly attributable to (i) the discontinuance of interest income on trade receivables because we, from January 1, 2011, agreed not to charge interest on overdue trade receivables from P & O Group in recognition of our long-term business relationship and the hardship P & O Group faced since the imposition of the anti-dumping and countervailing duties in Australia and (ii) the discontinuance of the one-off income from forfeiture of customer deposits in the year ended September 30, 2011.

Other Gains/(Losses)—Net

Other gains/(losses)—net increased from a negative HK$45.2 million for the year ended September 30, 2011 to HK$27.2 million for the year ended September 30, 2012. The increase was mainly because we ceased entering into the "knock-out" foreign-exchange forward contracts, the last of which was settled in August 2011, and did not record a fair-value loss on such contracts in the year ended September 30, 2012 as compared to the year ended September 30, 2011.

Finance Income

Finance income increased by 20.8% from HK$173,000 for the year ended September 30, 2011 to HK$209,000 for the year ended September 30, 2012. The increase was mainly due to an increase in interest income from our increased average balances of bank deposits.

Finance Costs

Finance costs increased by 19.5% from HK$21.5 million for the year ended September 30, 2011 to HK$25.7 million for the year ended September 30, 2012. The increase was mainly due to an increase in interest expense on bank borrowings wholly repayable within five years, as a result of an increase in our bank borrowings to support our growth.

Income Tax Expense

Our income tax expense increased by 57.4% from HK$14.1 million for the year ended September 30, 2011 to HK$22.2 million for the year ended September 30, 2012, primarily due to a substantial increase in profit before income tax. Our effective tax rate increased moderately from 5.1% for the year ended September 30, 2011 to 5.9% for the year ended September 30, 2012 mainly because (i) we incurred substantial expenses relating to this Listing that were not deductible and (ii) accrued unpaid salaries in China became undeductible pursuant to a new PRC regulation, partially offset by effects of proportionally more sales (including eventual export sales and sales destined for bonded areas in China) through OPAL Macao, our subsidiary in Macau, which were exempted from Macau corporate income tax. For details of our export practice, see "Business—Customers, Sales, Marketing and Distribution—Export" on page 131 in this prospectus.

Profit for the Year

Profit for the year increased 37.2% from HK$260.3 million for the year ended September 30, 2011 to HK$357.1 million for the year ended September 30, 2012.

Currency Translation Differences

Currency translation differences decreased by 94.8% from HK$9.6 million for the year ended September 30, 2011 to HK$0.5 million for the year ended September 30, 2012, mainly because the Renminbi appreciated at a slower rate against the Hong Kong dollar during the year ended September 30, 2012 as compared to the year ended September 30, 2011.

Total Comprehensive Income for the Period

As a result of the foregoing, total comprehensive income for the year increased by 32.5% from HK$269.9 million for the year ended September 30, 2011 to HK$357.6 million for the year ended September 30, 2012.

Year Ended September 30, 2011 Compared to Year Ended September 30, 2010

Revenue

Revenue increased by 52.9% from HK$1,366.9 million for the year ended September 30, 2010 to HK$2,090.6 million for the year ended September 30, 2011. The increase in revenue was primarily due to increased sales of Electronics Parts to the Foxconn Companies, complemented by increased sales of our Branded OPLV Products due to an increase in the number of our OPLV Distributors in China during the year ended September 30, 2011.

Cost of Sales

Cost of sales increased by 47.5% from HK$1,075.0 million for the year ended September 30, 2010 to HK$1,585.9 million for the year ended September 30, 2011.

Gross Profit

Our gross profit increased by 72.9% from HK$291.9 million for the year ended September 30, 2010 to HK$504.7 million for the year ended September 30, 2011. Our gross profit margin increased from 21.4% for the year ended September 30, 2010 to 24.1% for the year ended September 30, 2011 due to the following changes in the gross profit margin of each of our product categories.

Electronic Parts. The gross profit margin of our Electronics Parts increased significantly from 7.7% for the year ended September 30, 2010 to 23.1% for the year ended September 30, 2011, mainly due to an increase in our sales of higher-quality Electronics Parts to the Foxconn Companies with higher average selling prices.

Branded OPLV Products. The gross profit margin of our Branded OPLV Products decreased slightly from 24.9% for the year ended September 30, 2010 to 23.9% for the year ended September 30, 2011, mainly because we provided more discounts to our OPLV Distributors in the year ended September 30, 2011 in order to expand our distribution network.

Construction and Industrial Products. The gross profit margin of our Construction and Industrial Products increased from 22.4% for the year ended September 30, 2010 to 24.9% for the year ended September 30, 2011, mainly because of the higher average selling prices for these products with increased exports.

Distribution and Selling Expenses

Distribution and selling expenses decreased by 22.8% from HK$115.6 million for the year ended September 30, 2010 to HK$89.3 million for the year ended September 30, 2011. The decrease was mainly due to the completion of our disposition of P & O Group in December 2009, because PanAsia Group Pty. Ltd. (subsequently re-named the P & O Group) as an independent customer had to bear its own selling expenses and tariffs in relation to trade transactions with us. Before the disposal, such costs were combined into our results of operations because PanAsia Group Pty. Ltd. was our wholly owned subsidiary.

Administrative Expenses

Administrative expenses increased by 2.7% from HK$80.1 million for the year ended September 30, 2010 to HK$82.3 million for the year ended September 30, 2011. The increase was mainly due to an increase in our staff costs and the appreciation of the Renminbi against the H.K. dollar, as well as a loss on the disposal of certain machinery, partially offset by a recovery of a previous bad debt provision.

Other Income

Other income increased by 11.4% from HK$7.0 million for the year ended September 30, 2010 to HK$7.8 million for the year ended September 30, 2011. The increase was mainly due to the forfeiture of a customer's deposit, partially offset by lower income from: (i) interest on overdue trade receivables from P & O Group, as we, from January 1, 2011, agreed not to charge such interest in recognition of our long-term business relationship with P & O Group and the hardship P & O Group faced since the imposition of the anti-dumping and countervailing duties in Australia and (ii) government grant.

Other Gains/(Losses)—Net

Other gains/(losses)—net decreased from HK$5.7 million for the year ended September 30, 2010 to a negative HK$45.2 million for the year ended September 30, 2011. The decrease was mainly due to losses arising from certain "knock-out" foreign-exchange contracts, as well as net exchange losses related to currency fluctuation. See "—Combined Statements of Comprehensive Income—Other Gains/(Losses)—Net" above.

Finance Income

Finance income increased by 13.8% from HK$152,000 for the year ended September 30, 2010 to HK$173,000 for the year ended September 30, 2011. The increase was mainly due to an increase in interest income on capital guaranteed fund and bank deposits.

Finance Costs

Finance costs increased by 52.5% from HK$14.1 million for the year ended September 30, 2010 to HK$21.5 million for the year ended September 30, 2011. The increase was mainly attributable to an increase in interest expense on bank borrowings due to an increase in borrowings to support our growth and an increase in our effective interest rate following an increase in the PBOC benchmark interest rate.

Income Tax Expense

Our income tax expense increased by 72.0% from HK$8.2 million for the year ended September 30, 2010 to HK$14.1 million for the year ended September 30, 2011, primarily due to a substantial increase in profit before income tax. Our effective tax rate declined from 8.7% for the year ended September 30, 2010 to 5.1% for the year ended September 30, 2011 mainly because of the increased proportion of our sales (including eventual export sales and sales destined for bonded areas in China) conducted through OPAL Macao, our subsidiary in Macau, which was exempted from Macau corporate income tax. For details of our export practice, see "Business—Customers, Sales, Marketing and Distribution—Export" on page 131 in this prospectus.

Profit for the Year

Profit for the year increased from HK$86.7 million for the year ended September 30, 2010 to HK$260.3 million for the year ended September 30, 2011.

Currency Translation Differences

Currency translation differences changed from negative HK$5.5 million for the year ended September 30, 2010 to HK$9.6 million for the year ended September 30, 2011. The increase was mainly due to the appreciation of the Renminbi against the Hong Kong dollar.

Total Comprehensive Income for the Year

As a result of the foregoing, total comprehensive income for the year increased from HK$81.2 million for the year ended September 30, 2010 to HK$269.9 million for the year ended September 30, 2011.

Current Assets and Current Liabilities Analysis

The following table sets out our current assets and current liabilities as of the dates indicated:

	As of September 30,			As of November 30,
	2010	2011	2012	2012*
	(HK$ in millions)			
Current assets				
Inventories	132.3	187.5	208.3	205.3
Trade receivables	359.2	522.8	813.7	770.6
Prepayments, deposits and other receivables	65.0	89.2	112.7	129.4
Due from related companies	6.5	4.7	7.9	10.7
Pledged bank deposits	22.0	21.5	21.5	21.5
Cash and cash equivalents	139.5	111.4	143.3	155.1
	724.5	937.1	1,307.4	1,292.6
Current liabilities				
Trade payables	17.3	36.3	105.1	69.7
Other payables and accrued charges	76.7	111.7	146.0	196.3
Due to a director	8.5	—	—	—
Derivative financial instruments	21.8	—	0.3	1.8
Borrowings	279.4	314.4	602.1	620.5
Obligations under finance leases—current portion	3.8	1.5	0.4	0.8
Dividend payable	0.8	—	86.0	75.0
Current income tax liabilities	34.3	41.1	57.3	46.4
	442.6	505.1	997.2	1,010.5
Net current assets	281.9	432.0	310.2	282.1

* The most recent practicable date for liquidity disclosure purposes.

We had net current assets of HK$281.9 million, HK$432.0 million and HK$310.2 million as of September 30, 2010, 2011 and 2012, respectively. We had net current assets of HK$282.1 million as of November 30, 2012, the most recent practicable date for liquidity disclosure purposes.

Inventories

Our inventories consist of raw materials, work in progress and finished goods. The following table sets out a summary of our inventory balances as of the respective dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Raw materials	55.5	57.5	96.9
Work in progress	44.6	49.9	51.0
Finished goods	32.2	80.1	60.4
Total	132.3	187.5	208.3

Our inventory balance was HK$20.8 million higher as of September 30, 2012 compared to the balance as of September 30, 2011, primarily due to an increase in our work in progress related to the expansion of our production. Our inventory balance was HK$55.2 million higher as of September 30, 2011 compared to the balance as of September 30, 2010, primarily due to an increase in finished goods. We have not made any write-downs to our inventories.

As of the Latest Practicable Date, 100%, 100% and 100% of our inventories of raw materials, work-in-progress and finished goods as of September 30, 2012, respectively, had been utilized.

The following table sets out our average inventory turnover days for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
Inventory turnover days[1]	66	37	40

Note:

(1) Calculated based on the average balance of inventory divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

Our average inventory turnover days for the years ended September 30, 2011 and 2012 were lower as compared to the year ended September 30, 2010 primarily because we improved sales delivery.

Trade Receivables—Net

The table below sets out the breakdown of our trade receivables—net as of the dates indicated.

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Trade receivables	366.5	522.9	813.6
Provisions for impairment of receivables as of beginning of the year	(4.1)	(7.3)	(0.1)
Provisions for impairment of receivables	(7.3)	(0.1)	—
Receivables written off as uncollectible	4.1	1.5	0.1
Provisions written back	—	5.8	—
Provisions for impairment of receivables as of end of the year	(7.3)	(0.1)	—
Trade receivables—net	359.2	522.8	813.6

Our net trade receivables increased from HK$522.8 million as of September 30, 2011 to HK$813.6 million as of September 30, 2012, primarily due to increased sales during the year ended September 30, 2012 and our extension of credit terms to major customers from 45 days to 90 days effective from January 2012. Our net trade receivables increased from HK$359.2 million as of September 30, 2010 to HK$522.8 million as of September 30, 2011, in line with our increased sales.

The receivables written off as uncollectible as of September 30, 2010 included HK$4.7 million due from PanAsia Aluminum (Toronto). The amount corresponded to a trade debt owed to PanAsia Aluminum (Toronto), which we wrote off directly as bad debt and charged to the income statement because we understood at the time that PanAsia Aluminum (Toronto) would soon be liquidated. We made sales to PanAsia Aluminum (Toronto) in the years ended September 30, 2010 and 2011 during the Track Record Period, with a total sales amount of HK$13.7 million and HK$8.7 million, respectively. The provisions written back as of September 30, 2011 consist of trade receivables due from Oceanic which were recovered in the year ended September 30, 2011.

The table below sets out an aging analysis of our trade receivables based on invoice date as of the dates indicated.

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
1-30 days	133.6	145.0	242.9
31-60 days	69.7	157.3	211.8
61-90 days	34.1	67.8	134.7
91-180 days	114.1	132.3	133.6
181 days-one year	7.7	20.4	90.6
Over one year	—	—	—
Total	359.2	522.8	813.6

We require customers of our Branded OPLV Products to pay us the full purchase price before or upon delivery, typically in cash or by bank transfer. We generally grant other customers credit terms ranging from 45 to 90 days, and currently grant a credit period of 90 days to our major customers, including the Foxconn Companies and the P & O Companies, our major customer in Australia and former subsidiaries. We assess and provide such credit terms on a case-by-case basis, taking into consideration order size, creditworthiness and prior dealing history.

During the Track Record Period, we had significant balances of trade receivables due from the Foxconn Companies and the P & O Companies, the details of which are set forth in the table below.

	As of September 30,			As of the Latest Practicable Date
	2010	2011	2012	
	(HK$ in millions, except percentages)			
Foxconn Companies	26.4	152.9	415.3[1]	372.4
P & O Companies	247.3	284.8	348.7[2]	305.2

Notes:
(1) HK$4.1 million was overdue, which amount had been fully settled as of the Latest Practicable Date.
(2) HK$225.0 million was overdue, which amount had been fully settled as of the Latest Practicable Date.

The table below sets out aging analyses of our trade receivables due from the P & O Companies as of September 30, 2012 based on invoice date:

	Actual		As adjusted[1]	
	(HK$ in millions, except percentages)			
1-30 days	58.4	16.7%	59.6	17.1%
31-60 days	52.9	15.2%	52.9	15.2%
61-90 days	17.7	5.1%	52.3	15.0%
91-120 days[2]	53.8	15.4%	18.0	5.2%
121-180 days	80.2	23.0%	93.2	26.7%
181 days-one year	85.7	24.6%	72.7	20.8%
Total	348.7	100%	348.7	100.0%

Notes:
(1) Adjusted assuming the trade receivables had settled on a first-in, first-out basis. Historically, a portion of our more senior trade receivables from the P & O Companies have been unsettled due to our factoring arrangements with HSBC as described below.
(2) Of which an amount of HK$35.7 million was aged for 91 days.

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. We typically export our products to Australia under CIF terms, pursuant to which we bear shipping and insurance costs. The title of goods passes when they arrive at the port of destination in Australia, at which point we recognize revenue.

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 has 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.

We understand that any default of the trade receivables due from the P & O Companies would negatively affect our profit, cash flow and asset position. If there were such a default, we would need to make specific provision for it or directly write off the relevant receivable which would reduce our profit and asset position by the same amount. Our cash position would be affected by the non-recoverability of such receivables. We do not intend to write off, or make provisions for, the receivables from the P & O Companies, because there has been no unsettled debt in the past. We are aware of the circumstances giving rise to the receivable balances as described above. In response, we review the outstanding balances of our trade receivables, including those owed by the P & O Companies, on a monthly basis and proactively remind and seek timely settlement. Specifically, we contact the P & O Companies at every month end to understand and negotiate their settlement plan for the following month. We have since September 2012 adopted and informed the P & O Companies of the principle that no receivables overdue for more than 150 days would be acceptable and the amount of receivables overdue for more than 120 days should not exceed 20% of the total receivables. Should this principle be breached (other than for reasons of the factoring arrangements as described below), we would consider taking a number of actions, including charging interest (with prior warning) on the overdue receivables or even withholding shipment of goods. We have adopted this policy towards the P & O Companies specifically and not with other customers. There was no breach of this policy up to the Latest Practicable Date, and we believe this policy has been effective. In addition, we have agreed with the P & O Companies to amend the commencement of the credit term from shipment to arrival of the goods at the ports of destination in Australia, effective November 1, 2012. We believe this amendment harmonizes the credit policy with the shipping policy we have had with the P & O Companies and removes an impediment to the P & O Companies' ability to enjoy the full benefit of the credit term we grant them as described above. We believe that these efforts together will help us better manage our trade receivables from the P & O Companies and facilitate their speedier settlement. Post Listing, we will update the amounts of trade receivables from the P & O Companies and their settlement status in our interim and annual reports.

Furthermore, some of the trade receivables owed to us by the P & O Companies were overdue mainly as a consequence of our trade receivable factoring arrangements with HSBC. Under these arrangements, we may receive liquidity by factoring to HSBC trade receivables due up to 90 days from pre-approved customers, which have included the P & O Companies. If the factored trade receivables are not settled by our customers within 90 days, HSBC may charge us an interest and may even disqualify trade receivables from the relevant customers from the factoring arrangements. In order to comply with these requirements, we directed the P & O Companies to repay to us the younger, factored trade receivables first. As a result, the trade receivables due from the P & O Companies as they appeared in our accounts were not settled on a "first-in, first-out" basis. Nevertheless, our liquidity position improved gradually during the last few months and we intend to utilize the factoring facilities less in the near future so that more of the P & O Companies' trade debts with us will be settled on the "first-in, first-out" basis.

We generally do not charge interest on our trade receivables, except for a period in the past with respect to those overdue from P & O Group and P & O Rolled Products, which carried interest at the Indicator Lending Rate of the Reserve Bank of Australia. We have since the disposal granted a credit period of 90 days to P & O Group and P & O Rolled Products, and charged interest on overdue trade receivables from them to help secure early payment. Our trade receivables from P & O Group and P & O Rolled Products were also, but no longer are, protected by certain asset pledge, guarantee and indemnity arrangements put in place concurrently with or shortly after the disposal. See "Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship" on page 120 of this prospectus. Since January 1, 2011, we have accommodated P & O Group and P & O Rolled Products' request not to charge such interest in recognition of our business relationship with them and the hardship they faced as importers of our products since the imposition of the anti-dumping and countervailing duties in Australia, which has impacted their profitability directly. The balance of our trade receivables from P & O Group and P & O Rolled Products amounted to HK$148.9 million, HK$182.8 million and HK$276.3 million as of September 30, 2010, 2011 and 2012, respectively, and the overdue portion amounted to HK$79.7 million, HK$105.7 million and HK$175.6 million as of the same dates, respectively. For the years ended September 30, 2010, 2011 and 2012, accordingly, we recorded interest income on such overdue trade receivables of HK$2.9 million, HK$1.0 million and nil, respectively, all of which we have received by telegraphic transfer. Our total sales to P & O Group and P & O Rolled Products for the same periods were HK$274.8 million, HK$382.1 million and HK$476.4 million, respectively. We have not revised the 90-day credit period granted to the P & O Companies (including P & O Group and P & O Rolled Products) because (i) there has not been any bad debt resulting from receivables due from the P & O Group and P & O Rolled Products; and (ii) this is consistent with our credit policy of granting 90-day credit period to our major customers, e.g., the Foxconn Companies; and (iii) P & O Companies did not make any request to revise the credit period.

The carrying amounts of our trade receivables are denominated in the following currencies:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Australian dollars	266.9	292.4	366.7
Renminbi	60.2	66.0	176.5
U.S. Dollars	26.7	131.9	262.2
H.K. Dollars	5.4	32.5	8.2
	359.2	522.8	813.6

As illustrated above, our trade receivables denominated in Australian dollars increased during the Track Record Period. The increase over the year ended September 30, 2010 was primarily due to our disposal of the P & O Companies in May and December 2009. Before the disposal, the P & O Companies granted credit terms of 30 to 90 days to their customers in Australia. After the disposal, the P & O Companies became a major customer of ours, and we granted it a 90-day credit term. For the year ended September 30, 2011, our Australian dollar-denominated trade receivables continued to increase primarily due to our increased sales to customers in Australia, including the P & O Companies. For the year ended September 30, 2012, our Australian dollar-denominated trade receivables accounted for 45.1% of our total trade receivables, while revenue from Australian sales only contributed 30.1% of our total revenue. This is mainly because the P & O Companies, our major customer in Australia, enjoy a longer credit term of 90 days as compared to some of our other customers in other geographic markets and there was an amount of overdue trade receivables of HK$225.0 million from the P & O Companies as of September 30, 2012, representing an increase of HK$69.1 million compared to the amount of overdue trade receivables of HK$155.9 million due from the P & O Companies as of September 30, 2011. The overdue balances were mainly attributable to our trade receivable factoring arrangements with HSBC described above.

As of the Latest Practicable Date, gross trade receivables of HK$638.3 million, or 78.4% of our trade receivables as of September 30, 2012, had been settled.

The following table sets out the turnover days for our trade receivables for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
Total trade receivables turnover days[1]	79	77	100

Note:

(1) Calculated based on the average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

The following tables set out side-by-side the turnover days for our trade receivables due from the P & O Companies and the Foxconn Companies, respectively, for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
P & O Companies trade receivables turnover days[1]	112	156	184

	Year ended September 30,		
	2010	2011	2012
Foxconn Companies trade receivables turnover days[1]	92	42	93

Note:

(1) Calculated based on the average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

Our trade receivable turnover days for the year ended September 30, 2012 were substantially longer than previous years because of (i) the increase of the P & O Companies' trade receivables turnover days as 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 period and (ii) the extension to 90 days of the credit terms we grant to the Foxconn Companies.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables include deposits for purchases of aluminum ingots and others, which primarily include export VAT refund receivables, amounts prepaid for rental on our offices in Hong Kong and Macau and prepayments associated with our preparation for this Listing. The following table sets forth the breakdown of our prepayments, deposits and other receivables for the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Prepayments to suppliers for purchases of aluminum ingots	61.9	61.1	85.8
Others	3.1	28.1	26.9
	65.0	89.2	112.7

Our prepayments, deposits and other receivables increased from HK$89.2 million as of September 30, 2011 to HK$112.7 million as of September 30, 2012, primarily due to an increase in deposits paid for purchases of aluminum ingots, partially offset by decreasing export VAT refund receivables. Our prepayments, deposits and other receivables increased from HK$65.0 million as of September 30, 2010 to HK$89.2 million as of September 30, 2011, primarily due to an increase in export VAT refund receivables. Our export VAT refund receivables increased as a result of delays by the relevant government authority in processing these VAT refunds.

Trade Payables

We are generally granted credit periods of seven days from the date of billing by our aluminum ingot suppliers and 30-60 days by our other suppliers. Consistent with the expansion of our production, our trade payables increased from HK$17.2 million as of September 30, 2010 to HK$36.4 million as of September 30, 2011 and further to HK$105.1 million as of September 30, 2012 as we purchased increasing amounts of aluminum ingots.

The table below sets out an aging analysis of trade payables based on invoice date as of the dates indicated.

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
0-30 days	8.9	17.0	75.0
31-60 days	4.1	9.9	22.0
61-90 days	2.0	4.0	5.0
Over 90 days	2.2	5.5	3.1
	17.2	36.4	105.1

As of the Latest Practicable Date, trade payables of HK$102.4 million, or 97.4% of our trade payables as of September 30, 2012, had been settled.

The following table sets out the turnover days for our trade payables for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
Trade payable turnover days (1)	7	6	14

(1) Calculated based on the average balance of trade payables divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

Other Payables and Accrued Charges

Other payables and accrued charges include payables for VAT, salaries and bonuses, transportation, utilities and other ordinary expenses. The table below sets out the details of our other payables and accrued charges as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Deposit received	28.3	51.0	32.9
Accrued employee benefit expenses	16.4	20.7	23.4
Accrued freight charges	5.1	9.1	9.7
Accrued interest expenses	1.7	3.3	3.3
Accrued utilities expenses	4.0	5.1	7.5
Accrued rental expenses	1.1	1.7	1.7
Accrued audit fee	4.4	3.5	4.5
Provision for sales rebate to customers	2.1	6.3	11.3
VAT payable	6.1	0.2	0.5
Payable for purchase of property, plant and equipment	4.9	7.9	33.1
Goods and service tax payable	—*	—	—
Other payables and accruals	2.6	2.9	18.1
	76.7	111.7	146.0

* Less than HK$50,000

Our other payables and accrued charges increased from HK$111.7 million as of September 30, 2011 to HK$146.0 million as of September 30, 2012, primarily due to increased payables for fixed assets relating to our purchases of CNC machining centers, partially offset by a decrease in deposits received from our customers because in the year ended September 30, 2011 we received a one-off, large deposit from a new customer in China for our Construction and Industrial Products. Our other payables and accrued charges increased from HK$76.7 million as of September 30, 2010 to HK$111.7 million as of September 30, 2011, primarily due to increased deposits from our OPLV Distributors as we expanded our OPLV distribution network, sales rebates to some customers and payables for shipping expenses.

Liquidity and Capital Resources

Cash Flows and Working Capital

The following table sets out a summary of our cash flows for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
	(HK$ in millions)		
Net cash generated from operating activities	95.0	86.9	162.1
Net cash used in investing activities	(27.3)	(77.1)	(243.1)
Net cash (used in)/generated from financing activities	(5.8)	(39.3)	112.2
Cash and cash equivalents at the beginning of year	77.2	139.5	111.4
Cash and cash equivalents at the end of year	139.5	111.4	143.3

Operating activities. We derive our cash inflow from operating activities primarily through the receipt of payments for the sale of our aluminum products. Our cash outflow from operating activities is used primarily for raw material purchases, wages, payment of utilities, distribution and selling expenses and administrative expenses. Our net cash flow generated from operating activities reflects our profit before income tax, as adjusted for non-cash items, such as depreciation of our property, plant and equipment, the effects of changes in certain balance sheet items, such as trade receivables, prepayments, deposits and other receivables, trade payables, other payables and accrued charges and inventories, as well as income tax paid.

For the year ended September 30, 2012, we had net cash generated from operating activities of HK$162.1 million, primarily attributable to (i) profit before income tax of HK$379.3 million, (ii) an increase in trade payables, other payables and accrued charges of HK$77.8 million mainly due to an increase in inventory and accruals for listing expenses, (iii) depreciation of property, plant and equipment of HK$49.7 million mainly due to an increase in purchases of additional equipment and (iv) interest expense on bank borrowings of HK$25.6 million, partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables of HK$316.1 million mainly due to an increase in sales and (ii) an increase in inventories of HK$20.8 million.

For the year ended September 30, 2011, we had net cash generated from operating activities of HK$86.9 million, primarily attributable to (i) profit before income tax of HK$274.4 million, (ii) an increase in trade payables, other payables and accrued charges of HK$54.3 million mainly due to an increase in purchases of raw materials, (iii) depreciation of property, plant and equipment of HK$27.3 million mainly due to an increase in purchases of additional equipment, (iv) interest expenses on bank borrowings of HK$21.3 million and (v) loss on disposal of fixed assets of HK$14.7 million, partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables of HK$184.7 million mainly due to an increase in sales, (ii) an increase in inventories of HK$55.1 million and (iii) fair-value gain on derivative financial instruments of HK$20.8 million.

For the year ended September 30, 2010, we had net cash generated from operating activities of HK$95.0 million, primarily attributable to (i) profit before income tax of HK$94.9 million, (ii) an increase

in trade payables, other payables and accrued charges of HK$172.9 million primarily due to increased sales, (iii) a decrease in inventories of HK$59.4 million primarily due to the disposition of subsidiaries in Australia which warehoused inventory, as well as decreased inventory following an increase in metal prices resulting from the recovery from the global financial crisis, (iv) fair-value loss on derivative financial instruments of HK$22.1 million and (v) depreciation of property, plant and equipment of HK$22.0 million, partially offset by an increase in trade receivables, prepayments, deposits and other receivables of HK$277.8 million, primarily due to the disposition of subsidiaries in Australia which became our customers.

Investing activities. We use cash in investing activities primarily through purchase of property, plant and equipment and construction in progress, payment for deposits for property, plant and equipment and cash and cash equivalents held by subsidiaries disposed of.

For the year ended September 30, 2012, we had net cash used in investing activities of HK$243.1 million. The cash outflow was primarily attributable to the purchase of property, plant and equipment and construction in progress of HK$244.3 million, primarily relating to CNC machining centers.

For the year ended September 30, 2011, we had net cash used in investing activities of HK$77.1 million. The cash outflow was primarily attributable to the purchase of property, plant and equipment and construction in progress of HK$74.2 million primarily due to (i) purchases of extrusion presses, smelters and related machinery and (ii) payment for deposits for property, plant and equipment of HK$6.9 million.

For the year ended September 30, 2010, we had net cash used in investing activities of HK$27.3 million, primarily attributable to (i) cash and cash equivalents held by subsidiaries disposed of HK$14.6 million relating to the disposal of our former Australian subsidiaries, (ii) purchase of property, plant and equipment and construction in progress of HK$11.7 million relating to the purchase of production machinery and (iii) investment of HK$4.5 million in a capital guaranteed fund.

Financing activities. We use cash in financing activities primarily for the repayment of bank borrowings and payment of dividends to our Shareholders.

For the year ended September 30, 2012, we had net cash generated from financing activities of HK$112.2 million, primarily attributable to proceeds from borrowings of HK$1,416.0 million, partially offset by (i) repayments of borrowings of HK$1,128.4 million and (ii) dividends paid to our Shareholders of HK$174.0 million.

For the year ended September 30, 2011, we had net cash used in financing activities of HK$39.3 million, primarily attributable to (i) repayments of bank borrowings of HK$1,031.5 million and (ii) dividends paid to our Shareholders of HK$70.8 million, partially offset by proceeds from borrowings of HK$1,066.6 million.

For the year ended September 30, 2010, we had net cash used in financing activities of HK$5.8 million, primarily attributable to (i) repayments of borrowings of HK$819.8 million and (ii) dividends paid to our Shareholders of HK$67.0 million, partially offset by proceeds from borrowings of HK$881.9 million.

Working Capital

Our Directors are of the opinion that, taking into consideration the financial resources available to us, including internally generated funds, banking facilities available to us and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements, that is for at least 12 months commencing from the date of this prospectus.

Indebtedness

The table below analyzes our financial liabilities into relevant maturity groupings based on the remaining years at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months or are repayable on demand equal their carrying balances, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, i.e., if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
		(HK$ in millions)		
As of September 30, 2010				
Term loans	73.5	—	—	73.5
Other bank loans	205.9	—	—	205.9
Trade and other payables	93.9	—	—	93.9
Obligations under finance leases	4.1	1.5	0.5	6.1
Interest payments on term loans	5.4	—	—	5.4
Interest payments on other bank loans	5.9	—	—	5.9
Derivative financial instruments	21.8	—	—	21.8
Due to a director	8.5	—	—	8.5
Dividend payable	0.8	—	—	0.8
As of September 30, 2011				
Term loans	66.2	—	—	66.2
Other bank loans	248.2	—	—	248.2
Trade and other payables	148.1	—	—	148.1
Obligations under finance leases	1.5	0.4	—	1.9
Interest payments on term loans	3.6	—	—	3.6
Interest payments on other bank loans	9.0	—	—	9.0
As of September 30, 2012				
Term loans	198.2	—	—	198.2
Other bank loans	403.9	—	—	403.9
Trade and other payables	251.1	—	—	251.1
Obligations under finance leases	0.4	—	—	0.4
Interest payments on term loans	14.6	—	—	14.6
Interest payments on other bank loans	22.6	—	—	22.6

The following tables set out our bank borrowings and their formal repayment schedules as of the dates indicated:

	As of September 30,			As of November 30, 2012[1]	As of December 31, 2012[2]
	2010	2011	2012		
	(HK$ in millions)				
				(unaudited)	(unaudited)
Within 1 year	229.4	298.3	463.1	490.3	476.8
Between 1 and 2 years	41.6	14.6	54.4	53.8	60.0
Between 2 and 5 years	8.4	1.5	84.6	76.4	58.7
Total	279.4	314.4	602.1	620.5	595.5

Notes:

(1) The most recent practicable date for liquidity disclosure purposes.

(2) The most recent practicable date for indebtedness statement disclosure purposes.

All of our term loans beyond one year are repayable on demand and therefore deemed current. Certain of our borrowings were secured by, among others:

- a keyman insurance policy covering our chairman, Mr. Marcus Pan;
- a negative pledge on our CNC machining centers and certain properties and equipment;
- a life insurance policy covering Mr. Marcus Pan;
- a pledge of certain of our bank deposits; and
- a personal guarantee from Mr. Marcus Pan.

The various forms of personal guarantee by Mr. Marcus Pan will be released upon Listing and will be replaced by a corporate guarantee. Some of our outstanding debts contain various covenants that obligate some of our subsidiaries to, for example, maintain certain levels of tangible net worth and certain financial ratios, inform the lender in advance of future borrowings, obtain the lender's consent before creating new encumbrances on the subsidiary's assets, among others. Our Directors confirm that we complied with all the requirements in our loan agreements during the Track Record Period and up to the Latest Practicable Date. As of September 30, 2010, 2011 and 2012, the effective interest rate of our bank borrowings was 5.5%, 7.2% and 5.6% *per annum*, respectively. As of the same dates, all of our bank borrowings were subject to interest-rate changes within six months. Our bank loans were denominated in Renminbi, the H.K. dollar, the U.S. dollar and the Australian dollar during the Track Record Period.

We have used the proceeds of the bank borrowings to replenish our working capital and fund our capital expenditure. We have not encountered any material difficulty in obtaining external borrowings and have not experienced any default or delay in the repayment of bank and other borrowings during the Track Record Period and up to September 30, 2012.

As of September 30, 2012, we had total bank facilities of HK$928.1 million, of which HK$142.4 million were unutilized. As of the Latest Practicable Date, we had outstanding bank borrowings of HK$593.8 million. Our Directors confirm that there has been no material change in our indebtedness and contingent liabilities since September 30, 2012 and up to the Latest Practicable Date.

Summary of Key Financial Ratios

	Year ended September 30,		
	2010	2011	2012
Profitability ratios			
Revenue growth[1]	N/A	52.9%	16.6%
Net profit growth[2]	N/A	200.3%	37.2%
Gross margin[3]	21.4%	24.1%	25.2%
Net profit margin before interest and tax[4]	8.0%	14.1%	16.6%
Net profit margin[5]	6.3%	12.5%	14.7%
Return on equity[6]	19.8%	40.8%	48.5%
Return on total assets[7]	9.8%	22.8%	20.6%

	As of September 30,		
	2010	2011	2012
Liquidity ratios			
Current ratio[8]	1.64	1.86	1.31
Quick ratio[9]	1.34	1.48	1.10
Capital adequacy ratios			
Gearing ratio[10]	65.0%	49.6%	81.9%
Debt to equity ratio[11]	33.2%	32.1%	62.4%
Interest coverage ratio[12]	7.70	13.75	15.76

Notes:

(1) The calculation of revenue growth is based on revenue for the period divided by revenue for the previous period, minus one and multiplied by 100%.
(2) The calculation of net profit growth is based on net profit for the period divided by net profit for the previous period, minus one and multiplied by 100%.
(3) The calculation of gross margin is based on gross profit divided by revenue and multiplied by 100%.
(4) The calculation of net profit margin before interest and tax is based on net profit before interest and taxes divided by revenue and multiplied by 100%.
(5) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
(6) The calculation of return on equity is based on profit for the period divided by capital and reserves and multiplied by 100%.
(7) The calculation of return on total assets is based on net profit divided by total assets and multiplied by 100%.
(8) The calculation of current ratio is based on current assets divided by current liabilities.
(9) The calculation of quick ratio is based on current assets less inventories divided by current liabilities.
(10) The calculation of gearing ratio is based on total borrowings and obligations under finance leases divided by total equity and multiplied by 100%.
(11) The calculation of debt to equity ratio is based on total borrowings and obligations under finance leases less cash and cash equivalents divided by total equity.
(12) The calculation of interest coverage ratio is based on profit before interest and tax expenses divided by finance costs.

Please refer to "—Year Ended September 30, 2012 Compared to Year Ended September 30, 2011" and "—Year Ended September 30, 2011 Compared to Year Ended September 30, 2010" above for a discussion of the factors affecting revenue growth, net profit growth and gross and net profit margins during the respective periods.

Return on Equity and Return on Total Assets

For the years ended September 30, 2010, 2011 and 2012, our return on equity amounted to 19.8%, 40.8% and 48.5%, respectively, and our return on total assets amounted to 9.8%, 22.8% and 20.6%, respectively. The general increasing trend was mainly due to improved business performance with increased profitability. Our return on total assets decreased slightly from the year ended September 30, 2011 to the year ended September 30, 2012 primarily because we had more fixed assets (e.g., CNC machining centers) and trade receivables.

Current Ratio

As of September 30, 2010, 2011 and 2012, our current ratio amounted to 1.64, 1.86 and 1.31, respectively. Our current ratio decreased by 0.55 as of September 30, 2012 as compared to that as of September 30, 2011 primarily due to increased bank borrowings. Our current ratio increased by 0.22 as of September 30, 2011 as compared to that as of September 30, 2010 primarily due to improved business performance.

Quick Ratio

As of September 30, 2010, 2011 and 2012, our quick ratio amounted to 1.34, 1.48 and 1.10, respectively. Our quick ratio decreased by 0.38 as of September 30, 2012 as compared to that as of September 30, 2011 primarily because we used funds to purchase CNC machining centers. The increasing trend of our quick ratio as of September 30, 2010 and 2011 was primarily due to an increase in cash and cash equivalents, trade receivables, prepayments, deposit and other receivables

generated from operations in the years ended September 30, 2010 and an increase in trade receivables, prepayments, deposit and other receivables generated from operations in the year ended September 30, 2011.

Gearing Ratio

As of September 30, 2010, 2011 and 2012, our gearing ratio amounted to 65.0%, 49.6% and 81.9%, respectively. The decrease in gearing ratio from September 30, 2010 to September 30, 2011 was due to an increase in total equity of HK$200.0 million, amounting to an increase of 45.6%, driven by a substantial increase in profit for the year, while total borrowings only increased by HK$31.1 million during the same period, amounting to an increase of 10.9%. The increase in gearing ratio from September 30, 2011 to September 30, 2012 was mainly due to a significant increase in bank borrowings, from HK$314.4 million as of September 30, 2011 to HK$602.1 million as of September 30, 2012, for the purpose of purchasing CNC machining centers.

Debt to Equity Ratio

As of September 30, 2010, 2011 and 2012, our debt to equity ratio amounted to 33.2%, 32.1% and 62.4%, respectively. Our debt to equity ratio remained relatively stable as of September 30, 2010 and September 30, 2011. It then increased to 62.4% as of September 30, 2012 due to the increase in borrowings to purchase CNC machining centers. Our debt to equity ratio decreased during the year ended September 30, 2010 while the gearing ratio increased during the same period because the debt to equity ratio is calculated based on net debt, whereas the gearing ratio is calculated based on total debt.

Interest Coverage Ratio

As of September 30, 2010, 2011 and 2012, our interest coverage ratio amounted to 7.70, 13.75 and 15.76, respectively, primarily due to an increase in profit before interests and taxes during each of the periods.

Capital Expenditure and Commitments

We invested HK$14.9 million, HK$74.2 million and HK$269.5 million in capital expenditure during the years ended September 30, 2010, 2011 and 2012, respectively. As of September 30, 2012, our capital commitments amounted to HK$83.6 million. See the section entitled "Future Plans and Use of Proceeds" on page 215 of this prospectus for a discussion of planned future capital expenditures.

The table below sets out our capital commitments as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Property, plant and equipment contracted but not provided for	14.5	70.5	83.6

The table below sets out our operating lease commitments under non-cancellable operating leases for land and buildings as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK$ in millions)		
Within one year	1.5	1.4	5.8
In the second to fifth year inclusive	2.0	2.2	10.8
Over five years	11.8	12.2	—
Total	15.3	15.8	16.6

Quantitative and Qualitative Disclosure About Financial Risk

We are, in the normal course of business, exposed to various financial risks, including primarily market risk (including foreign exchange risk, commodity price risk and cash flow and fair-value interest rate risk), credit risk and liquidity risk.

Market Risk

Foreign exchange risk. We operate mainly in the PRC, Hong Kong, Macau and Australia, and are exposed to foreign-exchange risk arising from various currency exposures, primarily with respect to U.S. dollars (to which H.K. dollars are effectively pegged), Renminbi and Australian dollars.

For Group companies with the Hong Kong dollar as their functional currency. As the Hong Kong dollar is effectively pegged to the U.S. dollar, the Directors consider the foreign-exchange risk exposure with respect to the U.S. dollar is not significant for the Group companies which have the Hong Kong dollar as their functional currency.

As of September 30, 2011 and 2012, if the Australian dollar had weakened/strengthened by 10% against the Hong Kong dollar with all other variables held constant, post-tax profit for the years would have been approximately HK$99,000 and HK$173,000 lower/higher, respectively, mainly as a result of net foreign-exchange losses/gains on translation of the Australian dollar-denominated cash and bank deposits, other receivables, derivative financial instruments as well as the current accounts with Group companies. As of September 30, 2010, if the Australian dollar had weakened/strengthened by 10% against the Hong Kong dollar with all other variables held constant, post-tax profit for the year would have been approximately HK$22.6 million/HK$36.7 million higher/lower, mainly as a result of net foreign-exchange gains/losses on translation of the Australian dollar-denominated cash and bank deposits, other receivables as well as derivative financial instruments.

As of September 30, 2010, 2011 or 2012, the Group companies with the Hong Kong dollar as their functional currency had no significant assets or liabilities denominated in Renminbi, and hence there was no significant foreign-currency risk with respect to Renminbi.

For Group companies with the Renminbi as their functional currency. As of September 30, 2010, 2011 and 2012, if the U.S. dollar had weakened/strengthened by 10% against the Renminbi with all other variables held constant, post-tax profit for the years would have been HK$1.7 million, HK$7.3 million and HK$17.3 million lower/higher, respectively, mainly as a result of net foreign-exchange losses/gains on translation of the U.S. dollar-denominated receivables.

As of September 30, 2010, 2011 or 2012, the Group companies with the Renminbi as their functional currency had no significant assets or liabilities denominated in the Hong Kong dollar or the Australian dollar, and hence there was no significant foreign-currency risk with respect to the Hong Kong dollar or the Australian dollar.

For Group companies with the U.S. dollar as their functional currency. As of September 30, 2010, 2011 and 2012, if the Australian dollar had weakened/strengthened by 10% against the U.S. dollar with all other variables held constant, post-tax profit for the years would have been HK$21.0 million, HK$27.7 million and HK$33.2 million lower/higher, respectively, mainly as a result of foreign-exchange losses/gains on translation of the Australian dollar-denominated receivables which are partially offset by fair-value gains/losses on foreign exchange forward contracts.

As of September 30, 2010, 2011 or 2012, Group companies with the U.S. dollar as their functional currency had no significant assets or liabilities denominated in the Hong Kong dollar or Renminbi, and hence there was no significant foreign-currency risk with respect to the Hong Kong dollar or Renminbi.

Cash flow and fair-value interest rate risk. Our interest rate risk relates primarily to variable-rate pledged bank deposits, cash and cash equivalents and borrowings. Borrowings issued at floating interest rates subject our cash flow to interest rate risk. We currently have not entered into interest rate swaps to hedge against our exposure to changes in the interest rate of the borrowings. However, our management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The interest rate risk on bank deposits is insignificant as the deposits are relatively short-term.

As of September 30, 2010, 2011 and 2012, if the relevant interest rates had been 25 basis points higher/lower with all the other variables held constant, our profit for the year after taxation would have decreased/increased by HK$0.3 million, HK$0.5 million and HK$1.1 million, respectively, mainly as a result of higher/lower interest expense on variable-rate borrowings.

Credit Risk

Our credit risk is primarily attributable to trade and other receivables from customers. We have policies in place to ensure that credit terms are granted to reputable and credit-worthy customers with appropriate financial strength and credit history. We have procedures to ensure necessary actions are taken to recover overdue debts. In addition, we regularly review the authorization of credit limits to individual customers and the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrevocable amounts. Substantially all of our cash and cash equivalents are deposited in credit-worthy banks, in respect of which our Directors believe there is insignificant credit risk. Our trade receivables are concentrated in a small number of major customers.

Our two largest trade debtors accounted for 71%, 84% and 94% of our total trade receivables as of September 30, 2010, 2011 and 2012, respectively. As of September 30, 2010, 2011 and 2012, one of these two largest trade debtors was our former Australian subsidiaries (considered collectively) which we disposed of in 2009. We maintain frequent communications with these large customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. We believe that the credit risk related to these customers is not significant. We closely monitor settlements from these customers on an ongoing basis to ensure that any overdue debts are identified and follow-up action is taken to recover the overdue debts.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of an adequate amount of committed credit facilities. We monitor rolling forecasts of our liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows, and we are in compliance with our loan covenants. We face particularly significant liquidity risk with respect term loans with a repayment on demand clause, although we do not currently expect the bank to exercise its right to unconditionally demand repayment.

Listing Expenses

The estimated total listing expense (excluding underwriting commissions) in relation to this Global Offering are approximately HK$41.5 million. No listing expenses were recognized as prepayments as of September 30, 2010 and 2011. For the year ended September 30, 2012, listing expenses of HK$28.5 million were incurred, of which an amount of HK$4.4 million was recognized as prepayments. The remaining amount of HK$24.1 million was regarded as costs associated with the Listing to the extent they are incremental costs not attributable to the equity transaction and charged to our combined statement of comprehensive income for the period. We estimate that a further HK$7.0 million will be incurred by March 31, 2013 as costs associated with the Listing to the extent they are incremental costs not attributable to the equity transaction and charged to our combined statement of comprehensive income. Our listing expenses mainly comprise of professional fees paid to legal advisers and the reporting accountant for their services rendered in relation to the Listing and the Global Offering.

Profit Forecast for the Six Months Ending March 31, 2013

We forecast that, on the bases set out in "Appendix III—Profit Forecast" to this prospectus, consolidated profits attributable to our equity holders for the six months ending March 31, 2013 are unlikely to be less than HK$232.9 million. The forecast consolidated profits attributable to our equity holders for the six months ending March 31, 2013 prepared by our Directors is based on our unaudited consolidated results based on the unaudited management accounts for the two months ending November 30, 2012, and a forecast of the consolidated results for the remaining four months ending March 31, 2013.

On the assumption that the Global Offering had been completed and a total of 1,200,000,000 Shares were in issue throughout the six months ending March 31, 2013, our forecast earnings per Share is HK$0.19.

You may find the texts of the letters from PricewaterhouseCoopers, reporting accountant, and HSBC and J.P. Morgan, as the Joint Sponsors, in respect of the profit forecast in Appendix III to this prospectus.

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots, and purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. The spot price of aluminum has fluctuated in the past and during the Track Record Period. Historically, we have included the price of aluminum as an inherent component in pricing our products to pass such costs on to our customers. Our Directors confirm that we will continue such pricing strategy in the future. For more information, see "Business—Suppliers—Raw Materials" beginning on page 139 in this prospectus.

For illustration purposes only, the following table shows the sensitivity of our forecast net profit for the six months ending March 31, 2013 with regard to changes in average aluminum ingot prices, assuming we are not able to pass on such changes to our customers while all other factors (including revenue) remain unchanged. The range of aluminum ingot prices for the sensitivity analysis is based on the historical low and high aluminum ingot prices during the Track Record Period:

	TRP low of RMB11,500/MT	TRP monthly average of RMB14,842/MT	TRP high of RMB16,230/MT
		(HK$ in thousands)	
Changes in profit forecast for the six months ending March 31, 2013	64,824	(77,539)	(136,661)

Note:
The magnitude of changes in the upside case will be the "mirror image" of the downside case only if the spot price happens to be exactly in the middle, which was not the case in reality during the Track Record Period. Therefore, in different points in time, the magnitude of upward changes differs from that of downward changes.

Unaudited *Pro Forma* Statement of Adjusted Net Tangible Assets

The following unaudited *pro forma* statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2012 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets had the Global Offering been completed as of September 30, 2012 or at any future date. The unaudited pro forma statement of adjusted net tangible assets is based on the audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012 as shown in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012[1]	Estimated net proceeds from the Global Offering[2]	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company as of September 30, 2012[3]	Unaudited pro forma adjusted net tangible assets per Share[3]
	HK$'000	HK$'000	HK$'000	HK$
Based on an Offer Price of HK$3.46 per Share	735,955	931,115	1,667,070	1.39
Based on an Offer Price of HK$4.50 per Share	735,955	1,243,115	1,979,070	1.65

Notes:
(1) The audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012 is extracted from the Accountant's Report of the Company as set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as of September 30, 2012 of HK$736.0 million.
(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.46 and HK$4.50 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.
(3) The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 1,200,000,000 Shares were in issue immediately following the completion of the Reorganization, the Capitalization Issue and the Global Offering but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the general mandate to repurchase Shares.

(4) As of November 30, 2012, the Group's land use rights and buildings interests were revalued by Savills Valuation and Professional Services Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus, representing the excess of market value of the land use rights and buildings over their book value, is approximately HK$161.0 million. Such revaluation surplus has not been included in the Group's combined financial information as of September 30, 2012. The above adjustment does not take into account the above revaluation surplus. Had the land use rights and buildings interests been stated at such valuation, and additional depreciation of HK$12.05 million per annum would be charged against the combined statement of comprehensive income.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2012.

Dividends and Dividend Policy

Pursuant to the Cayman Islands Companies Law and our Articles of Association, we, through a general meeting, may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law. For the years ended September 30, 2010, 2011 and 2012, we declared dividends of HK$29 million, HK$70 million and HK$260 million, respectively. On October 11, 2012, PanAsia Enterprises (BVI) declared an interim dividend of HK$50 million, of which HK$10 million was paid on January 7, 2013, HK$20 million was paid on January 17, 2013 and HK$20 million was paid on January 18, 2013, using internal funding.

Future dividend payments will also depend upon the availability of dividends we will receive from our subsidiaries in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has an absolute discretion to recommend any dividend for any year. Although we intend to generally follow our historical trend of dividend payment, there is no assurance that dividends of any amount will be declared or distributed in any future year. We currently intend to re-invest approximately 70% of our offshore earnings in our development, with the remainder being available for potential distribution to our Shareholders.

Distributable Reserves

As of September 30, 2012, we had no reserves available for distribution to our equity holders.

Property Interests

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to us, as of November 30, 2012 at approximately RMB161 million. The text of its letter, summary of valuation and valuation certificates are set out in "Appendix IV—Property Valuation Report" to this prospectus.

Property interests include the land use rights to the parcels of land and the building ownership of completed buildings, structures and buildings under construction. A reconciliation of the net carrying value of the relevant property interest, as of September 30, 2012, to their fair value as of

November 30, 2012 as stated in "Appendix IV—Property Valuation Report" to this prospectus is as follows:

	Properties (HK$ in millions)
Net carrying value as of September 30, 2012	38.48
Movements for the period ended from October 1, 2012 to November 30, 2012	
—Additions	0.03
—Depreciation	(0.45)
— Exchange differences	0.20
—Net carrying value as of November 30, 2012	38.26
Valuation as of November 30, 2012 as per Appendix IV to this prospectus	199.28
Surplus	161.02

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since September 30, 2012, being the end of the period reported on in the Accountant's Report.

Disclosure Required Under the Listing Rules

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.