榮陽實業集團有限公司
PanAsialum Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2078

Interim Report 2013

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Marcus Pan (Chairman and Chief Executive Officer ("**CEO**"))
Ms. Shao Lidan
Mr. Leung Chi Wing

Independent Non-executive Directors

Mr. Tsang Wah Kwong
Mr. Chan Nim Leung Leon
Mr. Wong Yee Shuen Wilson

BOARD COMMITTEES

Audit Committee

Mr. Tsang Wah Kwong (Chairman)
Mr. Chan Nim Leung Leon
Mr. Wong Yee Shuen Wilson

Remuneration Committee

Mr. Chan Nim Leung Leon (Chairman)
Mr. Tsang Wah Kwong
Mr. Wong Yee Shuen Wilson
Mr. Marcus Pan

Nomination Committee

Mr. Marcus Pan (Chairman)
Mr. Chan Nim Leung Leon
Mr. Tsang Wah Kwong
Mr. Wong Yee Shuen Wilson

AUTHORISED REPRESENTATIVES

Mr. Marcus Pan
Mr. Leung Chi Wing

COMPANY SECRETARY

Ms. Yuen Suk Ching

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

STOCK CODE

2078
(listed on the Stock Exchange on 5 February 2013) (the "**Listing Date**")

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1802A, Tower 5
China Hong Kong City
33 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

PRODUCTION BASE IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Tangerine Garden
Guangshan Road
Licheng Town
Zengcheng, Guangzhou
Guangdong Province
PRC

Corporate Information

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Macau Branch

INDEPENDENT AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law:

Sidley Austin

As to PRC law:

Jingtian & Gongcheng

As to Cayman Islands law:

Conyers Dill & Pearman (Cayman) Limited

COMPLIANCE ADVISOR

Platinum Securities Company Limited

WEBSITE

www.palum.com

Financial Highlights

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 31 March 2013 was approximately HK$1,293 million, increased by 9% as compared with approximately HK$1,183 million for the corresponding period in year 2012;

- Gross profit for the six months ended 31 March 2013 was approximately HK$388 million, increased by 32% as compared with approximately HK$295 million for the corresponding period in year 2012;

- Profit attributable to equity holders for the six months ended 31 March 2013 was approximately HK$249 million, increased by 29% as compared with approximately HK$193 million for the corresponding period in year 2012;

- Basic earnings per share for the six months ended 31 March 2013 amounted to 25 HK cents (six months ended 31 March 2012: 21 HK cents); and

- The Board of Directors has resolved and declared an interim dividend of 20 HK cents per share.

Chairman's Statement

On behalf of the Board of Directors (the "**Board**") of PanAsialum Holdings Company Limited (the "**Company**"), I hereby present the interim report of the Company and its subsidiaries (the "**Group**") for the six months ended 31 March 2013. As disclosed in the prospectus of our Company dated 23 January 2013 (the "**Prospectus**") and pursuant to Rule 11.18 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the results of the Company for the six months ended 31 March 2013 have been audited.

During the six months period covered by the interim report, we recorded total revenue of HK$1,293 million, which represented an increase of 9% as compared to HK$1,183 million for the corresponding period in year 2012. Gross profit for the six months period was HK$388 million, a growth of approximately 32% from HK$295 million of the corresponding period in year 2012 and the gross profit margin for the period was 30%, an increase of 5% as compared with 25% for the corresponding period in year 2012. The increase in gross profit during the period was higher by proportion than the increase in revenue because of more Computer Numerical Control ("**CNC**") products sold during the period which were lighter than the traditional aluminium products and command a higher margin.

Profit attributable to equity holders of the Company for the period was HK$249 million, as compared with our profit forecast of HK$233 million disclosed in the Prospectus and represented an increase of 29% as compared to HK$193 million for the corresponding period in year 2012.

Our major customer contributed approximately 52% to our total revenue during the period. The revenue from that major customer recorded a growth of 31% during the period as compared with the corresponding period in year 2012. Orders for existing products from that major customer were consistent and we have received new orders for new products, including CNC products, from that major customer during the period. To meet the orders from that major customer, we purchased additional 150 CNC machines during the period so as to further increase our CNC processing capacity. The average gross profit margin on sales to that major customer had grown from 24% for the six months ended 31 March of 2012 to 34% for the six months ended 31 March 2013.

Branded OPLV products ("**Branded OPLV Products**") sales during the period achieved 41% growth as compared with the corresponding period in year 2012. The encouraging growth was in line with our business plan. With respect to gross profit margin, we have achieved a growth from 21% for the corresponding period in year 2012 to 26% during the period.

Chairman's Statement

Regarding the construction and industrial products ("**Construction and Industrial Products**"), the export sales to Australia remained stable while sales to customers in Mainland China had dropped during the period. The decrease in Mainland China sales was mainly due to the competitive prices in Mainland China could not contribute a satisfactory profit margin and we had diverted our production capacity to other higher margin products. Overall, the revenue from the Construction and Industrial Products has dropped from 48% of the total revenue for the six months ended 31 March 2012 to 37% of the total revenue for the period. The gross profit margin remained quite stable at 27% during the period.

We had more than HK$1,200 million cash and cash equivalent as at 31 March 2013 and after taking into consideration of the interim dividend mentioned below and the foreseeable future capital expenditure of the Group, we consider that our liquidity position is healthy.

In order to share the fruit of the good results with shareholders, the Board has declared an interim dividend of 20 HK cents per share which will be distributed to shareholders on or about 27 June 2013.

Going forward, we will continue to capture the growth in the electronics parts ("**Electronics Parts**") business by investing in new production lines, developing new products and further strengthen our relationship with our major customers. We anticipate the strong growth will continue and we will increase our production capacity, including CNC processing capacity, so as to meet the increasing demands from our customers. We will continue to develop new products based on the market demand and our Research & Development department will work hard towards the goals.

We will continue to further penetrate the Mainland China market for Branded OPLV Products by bringing in additional performing long-term distributors and developing distribution network in areas other than the 27 provinces, autonomous regions and municipalities that we have presence. We anticipate the growth rate of Branded OPLV Products sales will continue at its current momentum and its profit margin will remain in good shape.

For Construction and Industrial Products, we expect the sales to Australia would remain stable while maintaining a steady profit margin. We will develop new customers in Hong Kong, Macau and other regions so as to compensate for the loss of customers in the Mainland China.

Lastly, the Group will continue to explore potential business development opportunities in order to enhance the return to our shareholders.

For and on behalf of the Board of Directors

Marcus Pan
Chairman and CEO

Hong Kong, 22 May 2013

Management Discussion and Analysis

OVERVIEW

Business Review

We are a fast-growing aluminium products manufacturer based in Guangdong Province, the PRC, with a large and diverse portfolio of high quality products. We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products.

The results of the business operations of the Group for the first half of the financial year 2013 have adhered to the business plan of the Group and have met the profit forecast as disclosed in the Prospectus. The total operation revenue of the Group for the six months ended 31 March 2013 was approximately HK$1,293 million and the net profit after tax attributable to shareholders was approximately HK$249 million, as compared with the forecast of HK$233 million disclosed in the Prospectus. Revenue contributions by respective segments for the six-month period are as follows:

	Percentage of contribution to revenue for the six months ended 31 March	
Business segment	**2013**	2012
– Electronics Parts	**53%**	44%
– Construction and Industrial Products	**37%**	48%
– Branded OPLV Products	**10%**	8%

As anticipated, the Electronics Parts segment has shown a strong growth during the period and contributed to approximately 53% of the total revenue of the Group, an increase of 9% as compared with 44% for the corresponding period in year 2012. The increase was mainly due to consistent orders for existing products and increasing orders for new products from our major customer during the period. The Construction and Industrial Products segment has contributed steady revenue during the period although its share in the total revenue of the Group has dropped to 37% as compared with 48% for the corresponding period in year 2012. The Branded OPLV Products segment has achieved a satisfactory growth and its share in the revenue of the Group has increased to 10% as compared with 8% for the corresponding period in year 2012.

Geographically, total sales of the Group to Mainland China was around 65% during the period and export sales to Australia was around 30%, with the remaining 5% being sales to the Hong Kong, North America and South Africa markets. The Australian market is quite mature and we were able to maintain our market share there.

Comparing to the six months ended 31 March 2012, the total revenue of the Group for the period has achieved a growth rate of 9%, whereas revenue for the Electronics Parts segment has achieved a growth rate of 31%, the revenue for the Construction and Industrial Products segment has dropped by 16% and revenue for the Branded OPLV Products segment has achieved a growth rate of 41%.

With respect to the gross profit margin during the period, the overall gross profit margin for the period was 30%, a net increase of 5% as compared with 25% for the corresponding period in year 2012. The growth in overall gross profit margin is largely contributed by the increase in sales in CNC products under the Electronics Parts segment during the period. The respective gross profit margins of the three business segments of the Group were Electronics Parts segment at 33% (24% for the corresponding period in year 2012), Construction and Industrial Products segment at 27% (27% for the corresponding period in year 2012) and Branded OPLV Products segment at 26% (21% for the corresponding period in year 2012).

Market Review

Electronics Parts market continued its strong performance during the period and orders for existing products from the major customer of the Group were consistent. That major customer had also placed orders for new products persistently, which contributed to significant growth in revenue during the period. The revenue from that major customer had increased by 31% compared to the corresponding period in year 2012. By increasing our CNC capability and vertical integration of aluminium product manufacturing capabilities, we sold more CNC products during the period, which contributed to a strong growth in gross profit margin (from 24% to 33%).

We continued to develop the Branded OPLV Products market in Mainland China and had engaged new distributors. At the end of the period, we had 584 distributors in 27 provinces, autonomous regions and municipalities (compared to 577 distributors at end of September 2012). The small growth in the number of distributors was due to our continuing consolidation of performing long-term distributors and termination of underperforming distributors. We achieved a strong growth of 41% in Branded OPLV Products sales during the period compared to the corresponding period in year 2012. In addition, we had reduced our sales discount granted to distributors, which contributed to a growth in gross profit margin to 26% for the period from 21% for the corresponding period in year 2012.

For Construction and Industrial Products, we were able to maintain our market share in Australia and the revenue from the Australia market had recorded a small growth compared to the corresponding period in year 2012. We had continued to persuade our major Australian customers for ordering finished or semi-finished products that were not subject to anti-dumping duties. During the period, around 40% of our products sold to Australia were not subject to anti-dumping duties, and as a result of which, we were able to maintain our sales volume and gross profit margin in the Australia market during the period. We had de-selected certain customers in Mainland China whose orders could not achieve the satisfactory gross profit margin. Therefore, the overall sales of this segment during the period had dropped by 16% compared to the corresponding period in year 2012.

Financial Overview

Revenue

Revenue increased by 9% from HK$1,183 million for the six months ended 31 March 2012 to HK$1,293 million for the six months ended 31 March 2013. The increase in revenue was primarily due to the increased sales of Electronics Parts to our major customer, supplemented by the increased sales of our Branded OPLV Products in Mainland China. The sales of Construction and Industrial Products had dropped from HK$568 million for the six months ended 31 March 2012 to HK$479 million for the six months ended 31 March 2013. The decrease was primarily due to the redeployment of more of our resources to other segments which presented better growth potential than the Construction and Industrial Products segment. However, we were able to maintain our market share in Australia as our total sales to Australia during the six months ended 31 March 2013 was HK$392 million, which is slightly higher than that of the corresponding period in year 2012 (HK$391 million).

Cost of Sales

Cost of sales increased by 2% from HK$888 million for the six months ended 31 March 2012 to HK$904 million for the six months ended 31 March 2013.

Gross Profit

Our gross profit increased by 32% from HK$295 million for the six months ended 31 March 2012 to HK$388 million for the six months ended 31 March 2013. Our gross profit margin increased from 25% for the six months ended 31 March 2012 to 30% for the six months ended 31 March 2013 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 24% for the six months ended 31 March 2012 to 33% for the six months ended 31 March 2013, mainly because of more CNC products sold during the period.

Construction and Industrial Products. The gross profit margin of our Construction and Industrial Products remained stable at 27% for the six months ended 31 March 2013 compared to 27% for the six months ended 31 March 2012.

Branded OPLV Products. The gross profit margin of our Branded OPLV Products increased from 21% for the six months ended 31 March 2012 to 26% for the six months ended 31 March 2013, mainly because of the reduction of sales discount offered to distributors.

Distribution and Selling Expenses

Distribution and selling expenses increased by 12% from HK$46,879,000 for the six months ended 31 March 2012 to HK$52,429,000 for the six months ended 31 March 2013. The increase was mainly due to the increase in staff costs and transportation costs which was in line with the growth in revenue.

Administrative Expenses

Administrative expenses increased by 92% from HK$56 million for the six months ended 31 March 2012 to HK$108 million for the six months ended 31 March 2013. The increase was mainly due to increase in our staff remuneration, including increase in head count and introduction of staff talent attraction and retention program.

Other Income

Other income decreased by 28% from HK$1,587,000 for the six months ended 31 March 2012 to HK$1,135,000 for the six months ended 31 March 2013. The decrease was mainly due to a decrease in forfeiture of customer deposits and sales of scrap materials recorded in the six months ended 31 March 2013.

Other (Losses)/Gains—Net

Other (losses)/gains—net decreased from HK$22 million gain for the six months ended 31 March 2012 to HK$7 million loss for the six months ended 31 March 2013. The decrease was mainly due to the realised exchange losses arising from the appreciation of Renminbi and the depreciation of the Australian dollars in the six months ended 31 March 2013 compared to the realised exchange gains from the appreciation of the Australian dollars in the six months ended 31 March 2012.

Finance Income

Finance income increased by 48% from HK$90,000 for the six months ended 31 March 2012 to HK$133,000 for the six months ended 31 March 2013. 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 14% from HK$11,851,000 for the six months ended 31 March 2012 to HK$13,501,000 for the six months ended 31 March 2013. The increase was mainly due to an increase in interest expense on bank borrowings wholly repayable within three to five years.

Income Tax Credit/(Expense)

Our income tax expense decreased from HK$11 million for the six months ended 31 March 2012 to a net write-back of prior years tax provision of HK$40 million in the six months ended 31 March 2013, primarily due to the finalisation of PRC corporate income tax assessments for the years up to 2010 during the six months ended 31 March 2013.

Profit after tax for the period

Profit after tax for the period increased 29% from HK$193 million for the six months ended 31 March 2012 to HK$249 million for the six months ended 31 March 2013.

Currency Translation Differences

Currency translation differences decreased by 85% from HK$2,348,000 for the six months ended 31 March 2012 to HK$363,000 for the six months ended 31 March 2013, mainly because the Renminbi appreciated at a slower rate against the Hong Kong dollar during the six months ended 31 March 2013 as compared to the six months ended 31 March 2012.

Total Comprehensive Income for the Period

As a result of the foregoing, total comprehensive income for the six months ended 31 March 2013 increased by 28% from HK$195 million for the six months ended 31 March 2012 to HK$249 million for the six months ended 31 March 2013.

Liquidity

We had more than HK$1,200 million cash and cash equivalent as at 31 March 2013. After taking into consideration of the interim dividend declared for the period and the foreseeable future capital expenditure of the Group, we consider that our liquidity position is healthy.

Prospects

Going forward, we will continue to capture the growth in Electronics Parts business by investing in new production lines, developing new products and further strengthen our relationship with our major customers. We anticipate the strong growth will continue and we will increase our production capacity, including CNC processing capacity, so as to meet the increasing demands from our customers. We will continue to develop new products based on the market demand and our Research & Development department will work hard towards the goals.

We will continue to further penetrate the Mainland China market for Branded OPLV Products by bringing in additional performing long-term distributors and developing distribution network in areas other than the 27 provinces, autonomous regions and municipalities that we have presence. We anticipate the growth rate of Branded OPLV Products sales will continue at its current momentum and its profit margin will remain in good shape.

For Construction and Industrial Products, we expect the sales to Australia would be quite stable while maintaining a steady profit margin. We will develop new customers in Hong Kong, Macau and other regions so as to compensate for the loss of customers in Mainland China.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Summary of Key Financial Ratios

	For the six months ended 31 March	
	2013	2012
Gross Margin [(1)]	**30.0%**	24.9%
Return on Equity [(2)]	**12.1%**	24.0%
Interest Coverage Ratio [(3)]	**16.30**	18.08

	As at 31 March 2013	As at 30 September 2012
Current Ratio [(4)]	**3.10**	1.31
Quick Ratio [(5)]	**2.83**	1.10
Gearing Ratio [(6)]	**22.0%**	81.9%
Debt to Equity Ratio [(7)]	**(36.2)%**	62.4%

(1) The calculation of Gross Margin is based on gross profit divided by revenue and multiplied by 100%.

(2) The calculation of return on equity is based on profit for the period divided by capital and reserves and multiplied by 100%.

(3) The calculation of Interest Coverage Ratio is based on profit before interest and tax expenses divided by finance costs.

(4) The calculation of Current Ratio is based on current assets divided by current liabilities.

(5) The calculation of Quick Ratio is based on current assets less inventories divided by current liabilities.

(6) The calculation of Gearing Ratio is based on total borrowings and obligations under finance leases divided by total equity multiplied by 100%.

(7) The calculation of Debt to Equity Ratio is based on total borrowings and obligation under finance lease less cash & cash equivalents divided by total equity multiplied by 100%.

The decrease in the equity related ratios for the six months ended 31 March 2013 or as at 31 March 2013 is the result of increase in equity upon the issuance of ordinary shares.

Other Information

Gross Margin

The increase of gross margin from 24.9% for the six months ended 31 March 2012 to 30.0% for the six months ended 31 March 2013 is mainly due to increase in the sales of high margin products during the six months ended 31 March 2013.

Return on Equity

For the six months ended 31 March 2013: 12.1%.

For the six months ended 31 March 2012: 24.0%.

Interest Coverage Ratio

The decrease of interest coverage ratio from 18.08 for the six months ended 31 March 2012 to 16.30 for the six months ended 31 March 2013 is mainly due to increase in bank loans interest for the six months ended 31 March 2013.

Current Ratio and Quick Ratio

The significant improvement of current ratio and quick ratio from 1.31 and 1.10 as at 30 September 2012 respectively to 3.10 and 2.83 as at 31 March 2013 respectively is due to that part of the IPO proceeds have been used to repay some high interest bearing bank loans and the current liabilities were decreased as at 31 March 2013.

GEARING RATIO AND INDEBTEDNESS

Gearing Ratio

For the year ended 30 September 2012: 81.9%.

For the six months ended 31 March 2013: 22.0%.

At 31 March 2013, the Group had HK$454 million of short-term bank loans whereas the amount of short-term bank loans was HK$602 million as at 30 September 2012.

Debt to Equity Ratio

For the year ended 30 September 2012: 62.4%.

For the six months ended 31 March 2013: (36.2)%.

As at 31 March 2013, the Group had HK$1,203 million in cash and cash equivalents, whereas at 30 September 2012 it was HK$143 million. We have pledged HK$22 million to the bank for securing banking facilities (30 September 2012: pledged HK$22 million).

Other Information

FOREIGN EXCHANGE

We continued to receive AUD and USD from our sales to major customers during the period. We only hedged AUD exchange risk against HKD during the period. We purchased the plain foreign-exchange forward contracts to hedge our exposure to foreign-exchange risk and did not enter into any high-risk derivative instrument contracts during the period.

The maximum value of outstanding plain foreign-exchange forward contracts we held at the end of the period and during the period the aggregate valuation gains/(losses) we experienced from the settlement of such contracts are summarized below:

Maximum value (AUD in million)	13.0
Fair-value gains/(losses) (HK$ in million)	(1.5)

INTERIM DIVIDEND

At the meeting of the Board held on Wednesday, 22 May 2013, it was resolved and declared that an interim dividend of 20 HK cents be paid on or about Thursday, 27 June 2013 to the shareholders of the Company whose names appear on the Company's register of members on Tuesday, 11 June 2013.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

BOOK CLOSE PERIOD

For the purpose of ascertaining entitlement to the interim dividend, the Company's register of members will be closed from Friday, 7 June 2013 to Tuesday, 11 June 2013 (both days inclusive), during which time no transfer of shares will be registered. In order to be entitled to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar and transfer agent, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 6 June 2013.

SHARE OPTION SCHEME

On 18 January 2013, the Company adopted a share option scheme ("**Share Option Scheme**") whereby the Board can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the "**Participants**") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme was 120,000,000 shares which is equivalent to 10% of the issued capital of the Company after completion of the Global Offering (as defined in the Prospectus). The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Global Offering. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to any one Participant under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Listing Rules), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share.

Each grantee shall pay a consideration of HK$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Since the Share Option Scheme was adopted, no options have been granted.

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2013, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (the "**Model Code**"), are as follows:

Interests in our Company

Name of Director	Nature of Interest	Number of Securities	Approximate percentage of Shareholding
Mr. Marcus Pan *(Note 1)*	Settlor of a trust	900,000,000	75%
Ms. Shao Lidan *(Note 2)*	Interest of spouse	900,000,000	75%

Notes:

(1) Mr. Marcus Pan is the settlor of The Pan Family Trust. By virtue of the SFO, Mr. Marcus Pan is deemed to be interested in the Shares held by Easy Star Holdings Limited ("**Easy Star**"), which is the registered holder of the 900,000,000 Shares. Easy Star is wholly owned by Marina Star Limited. The entire issued share capital of Marina Star Limited is owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust is a discretionary trust established by Mr. Marcus Pan as settlor, the beneficiaries of which are family members of Mr. Marcus Pan.

(2) Ms. Shao Lidan is the spouse of Mr. Marcus Pan and is deemed to be interested in all the shares in which Mr. Marcus Pan is interested by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31 March 2013, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of Shareholding
Easy Star *(Note 1)*	Beneficial owner	900,000,000	75%
Marina Star Limited *(Note 1)*	Interest in controlled corporation	900,000,000	75%
HSBC International Trustee Limited *(Note 1)*	Trustee	900,000,000	75%

Note:

(1) Easy Star is the registered holder of the 900,000,000 Shares. Easy Star is wholly owned by Marina Star Limited. The entire issued share capital of Marina Star Limited is owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust is a discretionary trust established by Mr. Marcus Pan as settlor, the beneficiaries of which are family members of Mr. Marcus Pan.

CODE ON CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain high corporate governance standard. The Board is of the view that the Company has complied with the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 5 February 2013, except code provision A.2.1 of CG Code as explained below:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Marcus Pan is performing both the roles of chairman and CEO of the Group. Mr. Marcus Pan is the founder of the Group and has over 21 years of experience in the aluminium fabrication and distribution industry, including manufacturing processes and sales to various markets within the Mainland China and abroad. The Directors consider that Mr. Marcus Pan continuously acting as both our chairman and CEO will provide a strong and consistent leadership to the Group and allow for more effective planning and management of the Group. The Board will continue to review the effectiveness of the current structure and assess whether the separation of roles of chairman and CEO is necessary.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the Model Code provisions since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 5 February 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company conducted a global offering of 300,000,000 shares of the Company in January 2013 (the "**Global Offering**") and raised proceeds of approximately HK$1,105 million. Details of the Global Offering are set out in the Prospectus. The Company has not redeemed any of its listed securities during the six months ended 31 March 2013. Save for the Global Offering, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 31 March 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 5 February 2013.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive directors of the Company, namely Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon and Mr. Wong Yee Shuen Wilson.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, as well as the audited consolidated interim financial statements for the six months ended 31 March 2013 and has recommended their adoption to the Board.

AUDITORS

The consolidated interim financial statements for the six months ended 31 March 2013 have been audited by PricewaterhouseCoopers ("**PwC**"). The comparative of the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six months ended 31 March 2012 have not been audited by PwC or other auditors.

Independent Auditor's Report

To the Board of Directors of PanAsialum Holdings Company Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated interim financial statements of PanAsialum Holdings Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 22 to 102, which comprise the consolidated and company interim balance sheets as at 31 March 2013, and the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six months ended 31 March 2013, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Interim Financial Statements

The directors of the Company are responsible for the preparation of consolidated interim financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated interim financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated interim financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated interim financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's profit and cash flows for the six months ended 31 March 2013 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 May 2013

Consolidated Interim Balance Sheet

As at 31 March 2013

	Note	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**488,552**	399,637
Land use rights	7	**9,306**	9,356
Deposits and lease prepayments		**1,691**	1,847
Prepayments for property, plant and equipment		**10,625**	9,956
Capital guaranteed fund	9	**–**	4,482
Derivative financial instruments	9, 13	**–**	474
		510,174	425,752
Current assets			
Inventories	11	**198,511**	208,283
Trade receivables	12	**748,796**	813,637
Prepayments, deposits and other receivables	12	**116,986**	112,696
Due from a related company	10	**1,842**	7,938
Capital guaranteed fund	9	**4,499**	–
Derivative financial instruments	9, 13	**616**	–
Pledged bank deposits	14	**21,531**	21,531
Cash and cash equivalents	14	**1,203,126**	143,303
		2,295,907	1,307,388
Total assets		**2,806,081**	1,733,140
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	**120,000**	–
Reserves	16	**1,944,961**	735,955
Total equity		**2,064,961**	735,955

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 March 2013

	Note	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
LIABILITIES			
Non-current liabilities			
Obligations under finance leases			
– non-current portion	*18*	**513**	–
		513	–
Current liabilities			
Trade payables	*19*	**70,643**	105,067
Other payables and accrued charges	*19*	**212,140**	146,039
Derivative financial instruments	*13*	**1,008**	340
Borrowings	*17*	**454,094**	602,084
Obligations under finance leases			
– current portion	*18*	**140**	409
Dividends payable		**–**	86,000
Current income tax liabilities		**2,582**	57,246
		740,607	997,185
Total liabilities		**741,120**	997,185
Total equity and liabilities		**2,806,081**	1,733,140
Net current assets		**1,555,300**	310,203
Total assets less current liabilities		**2,065,474**	735,955

The consolidated interim financial statements on pages 22 to 102 were approved by the Board of Directors on 22 May 2013 and were signed on its behalf.

Marcus Pan
Director

Shao Lidan
Director

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Interim Balance Sheet

As at 31 March 2013

	Note	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*20*	**828,317**	–
Current assets			
Due from a subsidiary	*20*	**1,104,062**	–
Cash and cash equivalents	*14*	**200**	–
		1,104,262	–
Total assets		**1,932,579**	–
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*15*	**120,000**	–
Reserves/(accumulated losses)	*16*	**1,812,457**	(402)
Total equity/(equity holder's deficit)		**1,932,457**	(402)
LIABILITIES			
Current liabilities			
Accrued charges	*19*	**122**	7
Due to a fellow subsidiary	*20*	**–**	395
		122	402
Total liabilities		**122**	402
Total equity and liabilities		**1,932,579**	–
Net current assets/(liabilities)		**1,104,140**	(402)
Total assets less current liabilities		**1,932,457**	(402)

The consolidated interim financial statements on pages 22 to 102 were approved by the Board of Directors on 22 May 2013 and were signed on its behalf.

Marcus Pan
Director

Shao Lidan
Director

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 March 2013

	Note	For the six months ended 31 March 2013 HK$'000	2012 HK$'000 (unaudited)
Revenue	5	**1,292,658**	1,183,275
Cost of sales	21	**(904,265)**	(888,464)
Gross profit		**388,393**	294,811
Distribution and selling expenses	21	**(52,429)**	(46,879)
Administrative expenses	21	**(107,593)**	(56,030)
Other income	24	**1,135**	1,587
Other (losses)/gains – net	25	**(7,394)**	22,364
Operating profit		**222,112**	215,853
Finance income	26	**133**	90
Finance costs	26	**(13,634)**	(11,941)
Finance costs – net	26	**(13,501)**	(11,851)
Profit before income tax		**208,611**	204,002
Income tax credit/(expense)	27	**40,342**	(11,070)
Profit attributable to equity holders of the Company		**248,953**	192,932
Other comprehensive income:			
Currency translation differences		**363**	2,348
Total comprehensive income attributable to equity holders of the Company		**249,316**	195,280
Earnings per share attributable to the equity holders of the Company (expressed in HK cents per share)	29	**25**	21
Dividends	28	**290,000**	30,000

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 March 2013

	Attributable to equity holders of the Company				
	Share capital HK$'000	Share premium HK$'000 *(Note 16)*	Other reserves HK$'000 *(Note 16)*	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 October 2012	–	–	43,045	692,910	735,955
Profit for the period	–	–	–	248,953	248,953
Other comprehensive income:					
Currency translation differences	–	–	363	–	363
Total comprehensive income for the period	–	–	363	248,953	249,316
Transactions with owners:					
Proceeds from shares issued (Note 15)	120,000	1,009,690	–	–	1,129,690
Transfer to statutory reserves	–	–	6,124	(6,124)	–
Dividends paid (Note 28)	–	–	–	(50,000)	(50,000)
Total transactions with owners	120,000	1,009,690	6,124	(56,124)	1,079,690
Balance at 31 March 2013	120,000	1,009,690	49,532	885,739	2,064,961

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 March 2013

(Unaudited)	Attributable to equity holders of the Company				
	Share capital HK$'000	Share premium HK$'000 *(Note 16)*	Other reserves HK$'000 *(Note 16)*	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 October 2011	–	–	39,023	599,357	638,380
Profit for the period	–	–	–	192,932	192,932
Other comprehensive income:					
Currency translation differences	–	–	2,348	–	2,348
Total comprehensive income for the period	–	–	2,348	192,932	195,280
Transactions with owners:					
Transfer to statutory reserves	–	–	3,535	(3,535)	–
Dividends paid (Note 28)	–	–	–	(30,000)	(30,000)
Total transactions with owners	–	–	3,535	(33,535)	(30,000)
Balance at 31 March 2012	–	–	44,906	758,754	803,660
Balance at 1 April 2012	–	–	44,906	758,754	803,660
Profit for the period	–	–	–	164,156	164,156
Other comprehensive income:					
Currency translation differences	–	–	(1,861)	–	(1,861)
Total comprehensive (loss)/income for the period	–	–	(1,861)	164,156	162,295
Transactions with owners:					
Dividends paid and payable	–	–	–	(230,000)	(230,000)
Total transactions with owners	–	–	–	(230,000)	(230,000)
Balance at 30 September 2012	–	–	43,045	692,910	735,955

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 March 2013

	Note	For the six months ended 31 March 2013 HK$'000	2012 HK$'000 (unaudited)
Cash flows from operating activities			
Cash generated from operations	30(a)	**310,440**	45,939
Interest paid		**(13,634)**	(11,941)
Income tax paid		**(14,696)**	(491)
Net cash generated from operating activities		**282,110**	33,507
Cash flows from investing activities			
Purchase of property, plant and equipment and construction in progress		**(65,883)**	(126,794)
Decrease in deposits for property, plant and equipment		**1,236**	4,109
Proceeds from sale of property, plant and equipment		**–**	54
Interest received		**116**	72
Net cash used in investing activities		**(64,531)**	(122,559)
Cash flows from financing activities			
Dividends paid		**(136,000)**	(30,000)
Proceeds from borrowings		**986,153**	778,032
Repayments of borrowings		**(1,134,143)**	(585,118)
Payment of finance lease liabilities	30(b)	**(509)**	(706)
Proceeds from issuance of ordinary shares		**1,129,690**	–
Net cash generated from financing activities		**845,191**	162,208
Net increase in cash and cash equivalents		**1,062,770**	73,156
Cash and cash equivalents at beginning of the period		**143,303**	111,352
Exchange (losses)/gains on cash and cash equivalents		**(2,947)**	1,531
Cash and cash equivalents at end of the period	14	**1,203,126**	186,039

The notes on pages 29 to 102 are an integral part of these consolidated interim financial statements.

1 GENERAL INFORMATION

PanAsialum Holdings Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in the manufacturing and trading of aluminium products. The Company is an investment holding company. The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 7 October 2005 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Pursuant to a group reorganisation, which was completed on 12 October 2012 (the "**Reorganisation**"), the Company became the holding company of the subsidiaries now comprising the Group. Prior to the completion of the Reorganisation, the business of the Group was carried out by companies now comprising the Group collectively controlled by Mr. Marcus Pan and Ms. Shao Lidan, (together, the "**Controlling Shareholders**"), who have been the ultimate beneficial owners of the Group before and after the completion of the Reorganisation.

On 23 January 2013, the Company issued a prospectus and launched a public offering of 300,000,000 shares offered at an offer price of HK$4.13 per share (the "**Offer Price**"). The Company's ordinary shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**HKSE**") on 5 February 2013.

These consolidated interim financial statements are presented in Hong Kong Dollar (HK$), unless otherwise stated. These consolidated interim financial statements have been approved for issue by the Board of Directors on 22 May 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated interim financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated interim financial statements have been prepared under the historical cost convention, as modified by derivative financial instruments at fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The preparation of the consolidated interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 4.

Except as described below, the accounting policies applied are consistent with those of the financial information for the year ended 30 September 2012, as described in the prospectus of the Company issued on 23 January 2013 for the public offering of 300,000,000 shares offered at an offer price of HK$4.13 per share (Note 1).

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards and interpretations are mandatory for the first time for the financial period beginning on 1 October 2012:

Amendment to HKFRS 1	First-time adoption of HKFRSs – severe hyperinflation and removal of fixed dates for first-time adopters
Amendment to HKFRS 7	Disclosures – transfers of financial assets
Amendment to HKAS 1	Presentation of items of other comprehensive income
Amendment to HKAS 12	Deferred tax recovery of underlying assets

The adoption of the new and amended HKFRSs did not result in substantial changes to the accounting policies of the Group and had no material effect on how the results and financial positions for the current or prior accounting periods have been prepared and presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policies and disclosures (Continued)

(b) New standards and interpretations not yet adopted

The following new, revised and amendments to standards have been issued, but not effective for the financial period beginning on 1 October 2012 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 19 (2011)	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate financial statements	1 January 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
Amendment to HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKFRS 1	First-time adoption of HKFRS – government loans	1 January 2013
Amendment to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities	1 January 2013
Amendment to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
Amendment to HKFRS 10, 11 and 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance	1 January 2013
Amendment to HKFRS 10, 12 and HKAS 27	Investments entities	1 January 2014
Annual improvement projects	Improvements to HKASs and HKFRSs 2011	1 January 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policies and disclosures (Continued)

(b) New standards and interpretations not yet adopted *(Continued)*

The Group has already commenced an assessment of the impact of the above new, revised and amendments to standards but is not yet in a position to state whether these new, revised and amendments to standards would have a significant impact to its results of operations and financial position.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

The consolidated interim financial statements include the interim financial statements of the Company and all its subsidiaries made up to 31 March 2013.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised gains and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

There have been no transactions with non-controlling interests during the six months ended 31 March 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the "**Board**") that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "**functional currency**"). The consolidated interim financial statements are presented in Hong Kong Dollar, which is the Company's functional and the Company's and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other (losses)/gains – net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost mainly represents consideration paid for the rights to use the land from the date the respective rights were granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the rights, i.e. 50 years.

2.6 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Construction-in-progress, which includes direct expenditures for construction of buildings, is stated at cost. Capitalised 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 its intended use are substantially completed, the construction-in-progress is transferred to property, plant and equipment. No depreciation is provided in respect of construction-in-progress.

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statements of comprehensive income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

Classification (Continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. In this category, the Group has only some derivatives (Note 2.11).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "deposits and other receivables", "due from a related company", "capital guarantee fund", "pledged bank deposits" and "cash and cash equivalents" in the consolidated balance sheet (Notes 2.13 and 2.14).

Recognition and measurement

Regular way of purchases and sales of financial assets are recognised on trade-date, that is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statements of comprehensive income within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statements of comprehensive income as part of other income when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in consolidated statements of comprehensive income.

2.11 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group's derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated statements of comprehensive income within "other (losses)/gains – net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered 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. The carrying amount of the asset is reduced through the use of a provision account and the loss is recognised in the consolidated statements of comprehensive income within "administrative expenses". When a receivable is uncollectible, it is written off against the provision account for receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, excluding pledged deposits.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income within "finance costs" over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Current and deferred income tax *(Continued)*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(a) sales of goods (including mould and samples) are recognised on the transfer of risks and rewards of ownership of the products, which generally coincides with the time when the goods are delivered to customers and the title is passed.

(b) income from processing services is recognised when the services are rendered.

(c) interest income is recognised on a time-proportion basis using the effective interest method.

(d) dividend income is recognised when the right to receive payment is established.

2.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Employee benefits *(Continued)*

(b) *Pension obligations*

The Group participates in defined contribution schemes which are available to eligible employees, the assets of which are held in separate trustee administered funds. The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The Group has no further obligation once the contributions have been paid.

The Group also participates in the employee social security plan (the "**Plan**") as required by the regulations in the People's Republic of China (the "**PRC**"). The Group is required to make welfare contributions to the Plan which is based on a certain percentage of the employees' relevant income.

(c) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for profit-sharing bonus based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliges or where there is a past practice that has created a constructive obligation.

2.22 Leases

(a) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss for the period on a straight-line basis over the period of the lease.

(b) *Finance leases*

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Leases *(Continued)*

(b) *Finance leases (Continued)*

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The income approach is adopted to recognise government grants. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Where a government grant becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, it is recognised as income in the period in which it becomes receivable. Government grants are recognised within "other income" in the consolidated statements of comprehensive income.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group is not exposed to material equity price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's management regularly monitors the exposures and implements timely and effective policies to mitigate potential risks. Risk management is carried out by the group treasury department under policies approved by the board of directors. Financial risks are identified and evaluated in different units with close cooperation with the group treasury. Based on the policies, the Group can use also derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong, Macao and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("**USD**"), Chinese Renminbi ("**RMB**"), and Australian Dollar ("**AUD**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. The Group's exposure to different currencies is disclosed in relevant notes.

<u>For companies with HK$ as their functional currency</u>

As HK$ is pegged to USD, the directors consider the foreign exchange risk exposure with respect to USD is not significant for the group companies which have HK$ as functional currency.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(i) Foreign exchange risk *(Continued)*

For companies with HK$ as their functional currency *(Continued)*

As of 31 March 2013, if AUD had weakened/strengthened by 10% against HK$ with all other variables held constant, post-tax profit for the six months ended 31 March 2013 would have been approximately HK$123,000 (as at 30 September 2012: HK$173,000) lower/higher, mainly as a result of net foreign exchange losses/gains on translation of AUD denominated cash and bank deposits, other receivables, derivative financial instruments as well as the current accounts with group companies.

As at 31 March 2013, there were no significant assets and liabilities denominated in RMB, and hence there was no significant foreign currency risk with respect to RMB to group companies which have HK$ as functional currency (as at 30 September 2012: Same).

For companies with RMB as their functional currency

As at 31 March 2013, if USD had weakened/strengthened by 10% against RMB with all other variables held constant, post-tax profit for the six months ended 31 March 2013 would have been HK$32,167,000 (as at 30 September 2012: HK$17,337,000) lower/higher, mainly as a result of net foreign exchange losses/gains on translation of USD-denominated receivables.

As at 31 March 2013, there were no significant assets and liabilities denominated in HK$/AUD, and hence there was no significant foreign currency risk with respect to HK$/AUD to group companies which have RMB as functional currency (as at 30 September 2012: Same).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(i) Foreign exchange risk *(Continued)*

For companies with USD as their functional currency

As at 31 March 2013, if AUD had weakened/strengthened by 10% against USD with all other variables held constant, post-tax profit for the six months ended 31 March 2013 would have been HK$29,092,000 (as at 30 September 2012: HK$33,191,000) lower/higher, mainly as a result of the foreign exchange losses/gains on translation of AUD-denominated receivables which are partially offset by the fair value gains/losses on foreign exchange forward contracts.

As at 31 March 2013, there were no significant assets and liabilities denominated in HK$/RMB, and hence there was no significant foreign currency risk with respect to HK$/RMB to group companies which have USD as functional currency (as at 30 September 2012: Same).

(ii) Commodity price risk

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. Management considers the fluctuations on the commodity price of aluminium does not have a significant impact on the Group's earnings and cash flows as the pricing to customers are referenced to market prices.

(iii) Interest rate risk

The Group's interest-rate risk arises from variable rate pledged bank deposits, cash and cash equivalents and borrowings. Borrowings issued at floating rate expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow interest rate risk. The Group does not have any significant assets or liabilities which would expose it to fair value interest rate risk.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Interest rate risk *(Continued)*

As at 31 March 2013, if interest rates on variable rate pledged bank deposits, cash and cash equivalents and borrowings had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the six months ended 31 March 2013 would have been HK$1,979,000 higher/lower (as at 30 September 2012: HK$1,094,000 lower/higher), mainly as a result of higher/lower interest income on pledged bank deposits and cash and cash equivalents (as at 30 September 2012: higher/lower interest expense on variable rate borrowings).

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For credit risk in respect of cash and cash equivalents with banks, the Group manages this risk by placing cash and cash equivalents and deposits with major local banks and state-owned banks in the PRC with good credit standing. For credit risk in respect of trade receivables from customers, the Group has policies in place to ensure that sales are made to reputable and credit-worthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. For each individually significant trade receivable, the assessment is made on an individual basis.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The credit risk is characterised by having high concentration of business with long-term reputable customers. The Group's two largest trade debtors accounted for 94% of its total trade receivables as at 31 March 2013 (as at 30 September 2012: 94%). As at 31 March 2013, one of these two largest trade debtors is the subsidiaries that the Group disposed of in May 2009 and December 2009 (as at 30 September 2012: Same). The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Management believes that the credit risk related to these customers is not significant. Settlements from these two customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified and follow-up action is taken to recover the overdue debts.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of an adequate amount of credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility (Note 17) and cash and cash equivalents (Note 14)) on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining years at the reporting date to the 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, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2013				
Term loans	**163,575**	**–**	**–**	**163,575**
Other bank loans	**290,519**	**–**	**–**	**290,519**
Trade and other payables	**282,783**	**–**	**–**	**282,783**
Obligations under finance leases	**140**	**148**	**365**	**653**
Interest payments on term loans	**9,823**	**–**	**–**	**9,823**
Interest payments on other bank loans	**17,445**	**–**	**–**	**17,445**
Interest payments on finance leases	**31**	**23**	**21**	**75**
At 30 September 2012				
Term loans	198,214	–	–	198,214
Other bank loans	403,870	–	–	403,870
Trade and other payables	251,106	–	–	251,106
Obligations under finance leases	409	–	–	409
Interest payments on term loans	14,628	–	–	14,628
Interest payments on other bank loans	22,580	–	–	22,580
Interest payments on finance leases	5	–	–	5

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The following table summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
At 31 March 2013				
Term loans subject to a repayment on demand clause	**59,911**	**59,957**	**43,707**	**163,575**
At 30 September 2012				
Term loans subject to a repayment on demand clause	59,247	54,378	84,589	198,214

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated based on total borrowings and obligations under finance leases divided by total equity multiplied by 100%.

The gearing ratios of the Group as at 31 March 2013 and 30 September 2012 were as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Total borrowings (Notes 17 and 18)	**454,747**	602,493
Total equity	**2,064,961**	735,955
Gearing ratio	**22.0%**	81.9%

The decrease in the gearing ratio as at 31 March 2013 was the result of increase in equity upon the issuance of ordinary shares.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2013 and 30 September 2012.

At 31 March 2013

Group	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Equity-index embedded derivatives	–	616	–	616
Liabilities				
Forward foreign exchange contracts	–	(1,008)	–	(1,008)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

At 30 September 2012

Group	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Equity-index embedded derivatives	–	474	–	474
Liabilities				
Forward foreign exchange contracts	–	(340)	–	(340)

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturity.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes 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 impact the current income tax and deferred tax provision in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(Continued)

(b) Provision for impairment of receivables

Management determines the provision for impairment of trade receivables. This amount of impairment is based on the credit history of its customers and the current market condition. Management reassesses the provision at each reporting date.

Significant judgment is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgment, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Carrying amount and impairment of trade receivables is disclosed in Note 12.

(c) Fair value of derivatives

The fair value of derivatives is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the end of the reporting period. Changes in assumptions can materially affect the fair value estimate of the financial instruments. Information on the fair values of derivative financial instruments is disclosed in Note 3.3.

(d) Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment. The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment.

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from both product and geographical perspectives. The Board regularly reviews the consolidated financial statements from both product and geographical perspectives to assess performance and make resources allocation decisions. The operating segments are determined to be based on products. Management assesses the performance of the operating segments based on a measure of gross profit.

The Group derives its revenue from three product segments, namely the electronics parts, branded OPLV products and construction and industrial products which are operating in five geographical areas, namely the PRC (excluding Hong Kong), Australia, North America, Hong Kong and others.

The description of each reportable product segment is as follows:

Reportable product segment	Type of products
Electronics parts	Aluminium parts for consumer electronics products, examples include heat sinks and chassis for computers
Branded OPLV products	Door and window frames systems marketed under "OPLV" brand and sold through distributors
Construction and industrial products	Products sold for construction and industrial use, examples include window and door frames, curtain walls, guardrails, body parts for transportation, mechanical and electrical equipment and consumer durable goods

5 SEGMENT INFORMATION *(Continued)*

The segment information for the operating segments for the six months ended 31 March 2013 is as follows:

	Electronics parts HK$'000	Branded OPLV products HK$'000	Construction and industrial products HK$'000	Total HK$'000
Sales to external customers	**679,078**	**134,400**	**479,180**	**1,292,658**
Cost of sales	**(454,278)**	**(99,349)**	**(350,638)**	**(904,265)**
Segment gross profit	**224,800**	**35,051**	**128,542**	**388,393**
Unallocated operating costs				**(160,022)**
Other income				**1,135**
Other losses – net				**(7,394)**
Finance costs – net				**(13,501)**
Profit before income tax				**208,611**

The segment information for the operating segments for the six months ended 31 March 2012 (unaudited) is as follows:

(Unaudited)	Electronics parts HK$'000	Branded OPLV products HK$'000	Construction and industrial products HK$'000	Total HK$'000
Sales to external customers	520,051	95,064	568,160	1,183,275
Cost of sales	(396,808)	(75,130)	(416,526)	(888,464)
Segment gross profit	123,243	19,934	151,634	294,811
Unallocated operating costs				(102,909)
Other income				1,587
Other gains – net				22,364
Finance costs – net				(11,851)
Profit before income tax				204,002

5 SEGMENT INFORMATION *(Continued)*

The analysis of the Group's revenue and gross profit from external customers attributed to the locations in which the sale originated during the six months ended 31 March 2013 and 2012 consists of the following:

	For the six months ended 31 March 2013					
	The PRC HK$'000	Australia HK$'000	North America HK$'000	Hong Kong HK$'000	Others HK$'000	Total HK$'000
Sales to external customers	**843,336**	**391,908**	**14,646**	**31,746**	**11,022**	**1,292,658**
Cost of sales	**(579,112)**	**(276,411)**	**(12,010)**	**(26,422)**	**(10,310)**	**(904,265)**
Gross profit	**264,224**	**115,497**	**2,636**	**5,324**	**712**	**388,393**

	For the six months ended 31 March 2012					
(Unaudited)	The PRC HK$'000	Australia HK$'000	North America HK$'000	Hong Kong HK$'000	Others HK$'000	Total HK$'000
Sales to external customers	696,258	390,582	23,982	39,933	32,520	1,183,275
Cost of sales	(544,171)	(262,486)	(20,866)	(29,838)	(31,103)	(888,464)
Gross profit	152,087	128,096	3,116	10,095	1,417	294,811

Details of customers accounting for 10% or more of total revenue are as follows:

	For the six months ended 31 March	
	2013 HK$'000	2012 HK$'000 (unaudited)
Customer A	**667,747**	509,188
Customer B	**325,354**	316,041

5 SEGMENT INFORMATION *(Continued)*

The geographical location of non-current assets other than financial instruments are determined based on the countries of domicile of the companies now comprising the Group. The total of non-current assets other than financial instruments located in respective geographical locations are as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
The PRC	**502,594**	417,336
Hong Kong	**7,488**	3,375
Other countries	**92**	85
	510,174	420,796

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
At 1 October 2012							
Cost	45,254	516,263	15,547	1,332	12,533	2,339	593,268
Accumulated depreciation	(16,127)	(163,056)	(7,856)	(747)	(5,845)	-	(193,631)
Net book amount	29,127	353,207	7,691	585	6,688	2,339	399,637
Six months ended 31 March 2013							
Opening net book amount	29,127	353,207	7,691	585	6,688	2,339	399,637
Exchange differences	282	3,199	49	7	59	24	3,620
Additions	47	102,876	1,495	629	1,747	4,458	111,252
Transfers	-	6,117	-	-	-	(6,117)	-
Disposals	-	(1,464)	(21)	-	-	-	(1,485)
Depreciation (Note 21)	(1,320)	(20,377)	(1,615)	(89)	(1,071)	-	(24,472)
Closing net book amount	28,136	443,558	7,599	1,132	7,423	704	488,552
At 31 March 2013							
Cost	45,745	614,830	17,136	1,968	14,375	704	694,758
Accumulated depreciation	(17,609)	(171,272)	(9,537)	(836)	(6,952)	-	(206,206)
Net book amount	28,136	443,558	7,599	1,132	7,423	704	488,552

6 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
At 1 October 2011							
Cost	41,587	286,998	8,814	722	9,406	1,032	348,559
Accumulated depreciation	(13,560)	(141,245)	(6,029)	(679)	(4,821)	–	(166,334)
Net book amount	28,027	145,753	2,785	43	4,585	1,032	182,225
Year ended 30 September 2012							
Opening net book amount	28,027	145,753	2,785	43	4,585	1,032	182,225
Exchange differences	193	26	5	(2)	13	–	235
Additions	3,388	247,156	7,103	612	3,948	7,259	269,466
Transfers	–	5,952	–	–	–	(5,952)	–
Disposals	–	(1,892)	(391)	–	(263)	–	(2,546)
Depreciation	(2,481)	(43,788)	(1,811)	(68)	(1,595)	–	(49,743)
Closing net book amount	29,127	353,207	7,691	585	6,688	2,339	399,637
At 30 September 2012							
Cost	45,254	516,263	15,547	1,332	12,533	2,339	593,268
Accumulated depreciation	(16,127)	(163,056)	(7,856)	(747)	(5,845)	–	(193,631)
Net book amount	29,127	353,207	7,691	585	6,688	2,339	399,637

6 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 March 2013, the net book value of buildings pledged as securities for the Group's banking facilities was HK$28,136,000 (as at 30 September 2012: HK$29,127,000) (Note 17).

As at 31 March 2013, the net book value of motor vehicles held by the Group under finance leases was HK$690,000 (as at 30 September 2012: HK$606,000). As at 31 March 2013, no plant and machinery was held by the Group under finance leases (as at 30 September 2012, plant and machinery with net book value of HK$1,485,000 was held by the Group under finance leases).

Depreciation expense of the Group's property, plant and equipment has been charged to the consolidated interim statements of comprehensive income as follows:

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Cost of sales	**22,374**	19,458
Administrative expenses	**2,098**	1,506
	24,472	20,964

All buildings are located in the PRC.

7 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
The PRC, held on leases of between 10 to 50 years	**9,306**	9,356

As at 31 March 2013, land use rights with net book value of HK$9,306,000 were pledged as securities for the Group's bank borrowings (as at 30 September 2012: HK$9,356,000) (Note 17).

	For the six months ended 31 March	
	2013 HK$'000	2012 HK$'000 (unaudited)
Opening net book amount	**9,356**	9,572
Amortisation for the period (Note 21)	**(114)**	(141)
Exchange differences	**64**	127
Closing net book amount	**9,306**	9,558

Amortisation expense has been charged to "administrative expenses" in the consolidated interim statements of comprehensive income.

8 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
Assets as per consolidated interim balance sheet as at 31 March 2013			
Trade receivables (Note 12)	**748,796**	**–**	**748,796**
Other receivables (Note 12)	**11,321**	**–**	**11,321**
Due from a related company (Note 10)	**1,842**	**–**	**1,842**
Capital guaranteed fund and derivative financial instruments (Notes 9 and 13)	**4,499**	**616**	**5,115**
Pledged bank deposits (Note 14)	**21,531**	**–**	**21,531**
Cash and cash equivalents (Note 14)	**1,203,126**	**–**	**1,203,126**
Total	**1,991,115**	**616**	**1,991,731**
Assets as per consolidated balance sheet as at 30 September 2012			
Trade receivables (Note 12)	813,637	–	813,637
Other receivables (Note 12)	19,314	–	19,314
Due from a related company (Note 10)	7,938	–	7,938
Capital guaranteed fund and derivative financial instruments (Notes 9 and 13)	4,482	474	4,956
Pledged bank deposits (Note 14)	21,531	–	21,531
Cash and cash equivalents (Note 14)	143,303	–	143,303
Total	1,010,205	474	1,010,679

8 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

(a) Group *(Continued)*

	Liabilities at fair value through profit and loss HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per consolidated interim balance sheet as at 31 March 2013			
Trade payables (Note 19)	**–**	**70,643**	**70,643**
Other payables and accrued charges (Note 19)	**–**	**212,140**	**212,140**
Derivative financial instruments (Note 13)	**1,008**	**–**	**1,008**
Borrowings (Note 17)	**–**	**454,094**	**454,094**
Obligations under finance leases (Note 18)	**–**	**653**	**653**
Total	**1,008**	**737,530**	**738,538**
Liabilities as per consolidated balance sheet as at 30 September 2012			
Trade payables (Note 19)	–	105,067	105,067
Other payables and accrued charges (Note 19)	–	146,039	146,039
Derivative financial instruments (Note 13)	340	–	340
Borrowings (Note 17)	–	602,084	602,084
Obligations under finance leases (Note 18)	–	409	409
Dividends payable	–	86,000	86,000
	340	939,599	939,939

8 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

(b) Company

	Loans and receivables	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Assets as per balance sheet		
Due from a subsidiary	**1,104,062**	–
Cash and cash equivalents	**200**	–
	1,104,262	–

	Financial liabilities at amortised cost	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Liabilities as per balance sheet		
Due to a fellow subsidiary	**–**	395

9 CAPITAL GUARANTEED FUND

The Group's investment in capital guaranteed fund offers the Group a fixed guaranteed capital and a variable return depending on the performance index of Hong Kong listed equity securities of the fund.

The carrying value of capital guaranteed fund is stated at amortised cost and is denominated in USD. As at 31 March 2013, the fund matures on 11 December 2013 (as at 30 September 2012: Same). For accounting purpose, the capital guaranteed fund is split into a loan and receivable component and a derivative component (Note 13).

10 DUE FROM A RELATED COMPANY

The amount due is unsecured, interest-free and repayable on demand. The carrying amount approximates its fair value.

11 INVENTORIES

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Raw materials	**56,229**	96,906
Work-in-progress	**67,118**	50,996
Finished goods	**75,164**	60,381
Total inventories	**198,511**	208,283

The cost of inventories recognised as an expense and included in "cost of sales" amounted to HK$891,457,000 for the six months ended 31 March 2013 (six months ended 31 March 2012: HK$868,104,000 (unaudited)).

12 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Trade receivables	**748,796**	813,637
Less: provision for impairment of receivables	**–**	–
Trade receivables – net	**748,796**	813,637

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 45 to 120 days.

12 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2013 and 30 September 2012, the ageing analysis of the trade receivables based on due date was as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Current	**580,211**	566,812
1 – 30 days	**45,023**	75,569
31 – 60 days	**63,839**	31,502
61 – 90 days	**47,306**	47,912
91 – 180 days	**9,717**	83,344
181 days – 1 year	**2,700**	8,498
Over 1 year	**–**	–
	748,796	813,637
Less: provision for impairment of receivables	**–**	–
	748,796	813,637

As at 31 March 2013 and 30 September 2012, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
1 – 30 days	**186,341**	242,850
31 – 60 days	**125,594**	211,830
61 – 90 days	**225,163**	134,696
91 – 180 days	**177,764**	133,624
181 days – 1 year	**33,934**	90,637
Over 1 year	**–**	–
	748,796	813,637
Less: provision for impairment of receivables	**–**	–
	748,796	813,637

12 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2013, receivables of HK$580,211,000 were neither past due nor impaired (as at 30 September 2012: HK$566,812,000). These receivables relate to customers for whom there is no recent history of default.

As at 31 March 2013, trade receivables of HK$168,585,000 were past due but not impaired (as at 30 September 2012: HK$246,825,000). These relate to a number of independent customers that have a good track record of payment with the Group. No impairment provision was made as at 31 March 2013 (as at 30 September 2012: Same).

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK$234,824,000 to bank in exchange for cash as at 31 March 2013 (as at 30 September 2012: HK$212,523,000). The transactions have been accounted for as collateralised borrowings (Note 17).

All trade receivables were non-interest-bearing as at 31 March 2013 and 30 September 2012.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
AUD	**297,016**	366,703
RMB	**111,818**	176,513
USD	**328,652**	262,182
HK$	**11,310**	8,239
	748,796	813,637

As at 31 March 2013 and 30 September 2012, there was no provision for impairment of trade receivables. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

12 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2013 and 30 September 2012, breakdown of prepayments, deposits and other receivables was as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Prepayment to suppliers for purchases of materials	**103,243**	85,761
Others	**13,743**	26,935
	116,986	112,696

13 DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Current portion		
Unlisted equity-index embedded derivative (Note a)	**616**	–
Non-current portion		
Unlisted equity-index embedded derivative (Note a)	**–**	474
	616	474

13 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Liabilities

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Current portion		
Foreign exchange forward contracts		
– held for trading (Note b)	**(1,008)**	(340)

(a) Equity-index embedded derivative

The fair value of derivative is classified as a current or non-current asset in accordance with the remaining maturity date of capital guaranteed fund (Note 9).

For the six months ended 31 March 2013, a fair value gain of HK$142,000 (six months ended 31 March 2012: a fair value gain of HK$72,000 (unaudited)) was recognised as "other (losses)/gains – net" in the consolidated interim statements of comprehensive income.

(b) Foreign exchange forward contracts

Trading derivatives are classified as current assets or current liabilities. The foreign exchange forward contracts were to sell AUD and buy USD or HK$ and the notional principal amounts of the outstanding foreign exchange forward contracts as at 31 March 2013 were AUD13,000,000 (as at 30 September 2012: AUD13,000,000). For the six months ended 31 March 2013, a loss of HK$1,749,000 due to the change in fair value was recognised as "other (losses)/gains – net" in the consolidated interim statements of comprehensive income (six months ended 31 March 2012: a gain of HK$484,000 (unaudited) was recognised).

14 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Group		Company	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000	**As at 31 March 2013 HK$'000**	As at 30 September 2012 HK$'000
Cash in hand	**227**	2,251	**–**	–
Cash at bank	**1,202,899**	141,052	**200**	–
Cash and cash equivalents	**1,203,126**	143,303	**200**	–
Pledged bank deposits – Current	**21,531**	21,531	**–**	–
	1,224,657	164,834	**200**	–
Maximum exposure to credit risk	**1,224,430**	162,583	**200**	–

As at 31 March 2013, bank deposits pledged as securities for the Group's banking facilities (Note 17) amounted to HK$21,531,000 (as at 30 September 2012: HK$21,531,000).

As at 31 March 2013, the effective interest rate on short-term bank deposits was 0.54% per annum (as at 30 September 2012: 0.81%). These deposits have an average maturity of 30 days (as at 30 September 2012: 30 days).

14 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(Continued)

The cash at bank and in hand and bank deposits are denominated in the following currencies:

	Group		Company	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000	**As at 31 March 2013 HK$'000**	As at 30 September 2012 HK$'000
HK$	**1,128,304**	62,926	**200**	–
AUD	**2,741**	4,605	**–**	–
RMB	**51,316**	38,652	**–**	–
USD	**42,272**	58,630	**–**	–
Canadian dollars	**3**	3	**–**	–
Macao pataca	**21**	18	**–**	–
	1,224,657	164,834	**200**	–

15 SHARE CAPITAL

Group and Company

	2013		2012	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**2,400,000,000**	**240,000**	3,800,000	380
Issued and fully paid:				
As at 1 October	**1**	**–**	1	–
Shares issued pursuant to Reorganisation (Note b)	**999,999**	**100**	–	–
Shares issued pursuant to the capitalisation issue (Note d)	**899,000,000**	**89,900**	–	–
New shares issued upon listing (Note e)	**300,000,000**	**30,000**	–	–
As at 31 March	**1,200,000,000**	**120,000**	1	–

15 SHARE CAPITAL *(Continued)*

Note:

(a) The Company was incorporated on 7 October 2005. Upon incorporation, the authorised share capital was HK$380,000 divided into 3,800,000 ordinary shares of HK$0.10 each. One share was issued on incorporation at par.

(b) On 12 October 2012, the Company issued and allotted 999,999 ordinary shares of HK$0.10 each at par to Easy Star Holdings Limited ("**Easy Star**") in exchange for the entire interests in PanAsia Enterprises Group Limited, the then wholly owned subsidiary of Easy Star. The Company capitalised an amount of HK$100,000 (Note 16) by crediting the share premium account of the Company and applied such sum to pay up 999,999 shares in full at par. The new ordinary shares issued rank pari passu with the existing shares in all respects.

(c) On 18 January 2013, the shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$240,000,000 by the creation of an addition of 2,396,200,000 shares.

(d) Pursuant to a shareholder's resolution dated 18 January 2013, and conditional on the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the proposed share offering described in the Company's prospectus dated 23 January 2013, the Company capitalised an amount of HK$89,900,000 (Note 16) standing to the credit of its share premium account and to appropriate such amount as capital to pay up 899,000,000 shares in full at par. The new ordinary shares issued rank pari passu with the existing shares in all respects.

(e) On 5 February 2013, the Company issued 300,000,000 new ordinary shares of HK$0.10 each at HK$4.13 per share in connection with its global offering and the commencement of the listing of its shares on the HKSE, and raised gross proceeds of approximately HK$1,239,000,000. The excess over the par value of HK$0.10 for the 300,000,000 ordinary shares issued net of transaction costs HK$109,310,000 was credited to "share premium" with amount of HK$1,099,690,000 (Note 16). The new ordinary shares issued rank pari passu with the existing shares in all respects.

16 SHARE PREMIUM AND OTHER RESERVES

	Group					
	Share premium HK$'000	Foreign Currency translation reserve HK$'000	Statutory reserves HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance at 1 October 2012	-	29,973	13,072	692,910	-	735,955
Profit for the period	-	-	-	248,953	-	248,953
Other comprehensive income:						
Currency translation differences	-	363	-	-	-	363
Total comprehensive income for the period	-	363	-	248,953	-	249,316
Transactions with owners:						
Transfer to statutory reserves (Note)	-	-	6,124	(6,124)	-	-
Shares issued pursuant to the Reorganisation (Note 15(b))	(100)	-	-	-	-	(100)
Shares issued pursuant to the capitalisation issue (Note 15(d))	(89,900)	-	-	-	-	(89,900)
Proceeds from issuance of ordinary shares (Note 15(e))	1,099,690	-	-	-	-	1,099,690
Dividends paid (Note 28)	-	-	-	(50,000)	-	(50,000)
Total transactions with owners	1,009,690	-	6,124	(56,124)	-	959,690
Balance at 31 March 2013	1,009,690	30,336	19,196	885,739	-	1,944,961

16 SHARE PREMIUM AND OTHER RESERVES *(Continued)*

	Group					
(Unaudited)	Share premium HK$'000	Foreign Currency translation reserve HK$'000	Statutory reserves HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance at 1 October 2011	–	29,486	9,537	599,357	–	638,380
Profit for the period	–	–	–	192,932	–	192,932
Other comprehensive income:						
Currency translation differences	–	2,348	–	–	–	2,348
Total comprehensive income for the period	–	2,348	–	192,932	–	195,280
Transactions with owners:						
Transfer to statutory reserves (Note)	–	–	3,535	(3,535)	–	–
Dividends paid (Note 28)	–	–	–	(30,000)	–	(30,000)
Total transactions with owners	–	–	3,535	(33,535)	–	(30,000)
Balance at 31 March 2012	–	31,834	13,072	758,754	–	803,660
Balance at 1 April 2012	–	31,834	13,072	758,754	–	803,660
Profit for the period	–	–	–	164,156	–	164,156
Other comprehensive income:						
Currency translation differences	–	(1,861)	–	–	–	(1,861)
Total comprehensive income for the period	–	(1,861)	–	164,156	–	162,295
Transactions with owners:						
Dividends paid and payable	–	–	–	(230,000)	–	(230,000)
Total transactions with owners	–	–	–	(230,000)	–	(230,000)
Balance at 30 September 2012	–	29,973	13,072	692,910	–	735,955

16 SHARE PREMIUM AND OTHER RESERVES *(Continued)*

Note:

The statutory reserves are set up by the Group's subsidiaries, namely 榮陽鋁業(中國)有限公司 ("**PACL**") and OPAL (Macao Commercial Offshore) Limited ("**MCO**"), by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the PRC and in Macao.

In the PRC, PACL is required to allocate at least 10% of its net profit for each voting period as reported in its PRC statutory accounts to the statutory reserves until such reserve reaches 50% of registered capital. The reserve is designated for statutory surplus reserve fund and an enterprise expansion fund which are non-distributable. The statutory surplus reserve fund can be used to make up its prior years' losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund can be used for expanding the capital base of PACL, by means of capitalisation issue.

In Macao, the Macao Commercial Code #377 requires that MCO should set aside a minimum of 25% of MCO's profit for each voting period to the statutory reserves until the balance of the reserve reaches a level equivalent to 50% of the capital of MCO. The reserve is non-distributable.

During the six months ended 31 March 2013, appropriations to the statutory reserves amounted to approximately HK$6,124,000 (six months ended 31 March 2012: HK$3,535,000 (unaudited)).

16 SHARE PREMIUM AND OTHER RESERVES *(Continued)*

	Share premium HK$'000	Other reserves HK$'000	Company Equity holders' deficit HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance at 1 October 2012	–	–	(402)	–	(402)
Comprehensive loss:					
Loss for the period	–	–	(25,148)	–	(25,148)
Total comprehensive loss for the period	–	–	(25,148)	–	(25,148)
Transactions with owners:					
Surplus arising on issue of shares in exchange for shares in a subsidiary (Note a)	–	828,317	–	–	828,317
Shares issued pursuant to the Reorganisation	(100)	–	–	–	(100)
Proceeds from issuance of ordinary shares	1,099,690	–	–	–	1,099,690
Credited pursuant to the capitalisation issue	(89,900)	–	–	–	(89,900)
Total transactions with owners	1,009,690	828,317	–	–	1,838,007
Balance at 31 March 2013	1,009,690	828,317	(25,550)	–	1,812,457
Balance at 1 October 2011	–	–	(358)	–	(358)
Comprehensive loss:					
Loss for the period/year	–	–	(44)	–	(44)
Balance at 31 March 2012 and 30 September 2012	–	–	(402)	–	(402)

Note a: The surplus arising on issue of shares in exchange for shares in a subsidiary arose as a result of the Reorganisation (Note 1) and represents the excess of the consolidated net asset value of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

17 BORROWINGS

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Current		
Collateralised borrowings (Note 12)	**188,749**	176,581
Trust receipt loans	**4,266**	5,886
Term loans	**261,079**	419,617
	454,094	602,084

As at 31 March 2013, the effective interest rate of the borrowings was 6.00% per annum (as at 30 September 2012: 5.59% per annum).

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortised cost. None of the portion of term loans due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

As at 31 March 2013 and 30 September 2012, the scheduled repayment dates of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clause, were as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Within 1 year	**350,430**	463,117
Between 1 and 2 years	**59,957**	54,378
Between 2 and 5 years	**43,707**	84,589
	454,094	602,084

17 BORROWINGS *(Continued)*

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
6 months or less	**454,094**	602,084

The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

The carrying amounts of the borrowings are denominated in the following currencies:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
RMB	**97,504**	221,403
HK$	**167,841**	202,193
USD	**184,301**	145,677
AUD	**4,448**	32,811
	454,094	602,084

The Group has the following undrawn borrowing facilities:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Floating rate		
– expiring within one year	**370,604**	142,441

The facilities expiring within one year are annual facilities subject to review at various dates during the six months ended 31 March 2013.

17 BORROWINGS *(Continued)*

During the six months ended 31 March 2013, the Group's banking facilities were secured by the following:

(i) Pledge of all assets of the companies now comprising the Group with a bank as a continuing security for banking facilities granted to the companies now comprising the Group;

(ii) Pledge of the Group's bank deposits of HK$21,531,000 as at 31 March 2013 (as at 30 September 2012: HK$21,531,000) and the Group's capital guaranteed fund and derivative financial instruments of HK$5,115,000 as at the same date (as at 30 September 2012: HK$4,956,000);

(iii) Pledge of the Group's land use rights and buildings with total net book value of HK$37,442,000 as at 31 March 2013 (as at 30 September 2012: HK$38,483,000);

(iv) Personal life insurance with insured sum of approximately HK$140,400,000 covering Mr. Marcus Pan, a director, as at 30 September 2012. The security over such personal life insurance policies covering Mr. Marcus Pan was released as at 31 March 2013;

(v) A personal guarantee granted by Mr. Marcus Pan, a director, to the extent of HK$945,200,000 as at 30 September 2012. The said guarantee given by Mr. Marcus Pan was released and replaced by guarantees of the Company as at 31 March 2013; and

(vi) Legally notarised livranca (i.e. a promissory note) for HK$432 million signed by a subsidiary of the Group, OPAL (Macao Commercial Offshore) Limited, together with a letter of authority to insert the maturity date at bank's option as at 31 March 2013 (as at 30 September 2012: HK$345 million).

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the group companies' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the group companies were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the group companies' term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the group companies have complied with the covenants and met the scheduled repayment obligations.

17 BORROWINGS *(Continued)*

The Group regularly monitors its compliance with these covenants, which is up to date with the scheduled repayments of the term loans and does not consider it is probable that the bank will exercise its discretion to demand repayment for so long as the group companies continue to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 3. During the six months ended 31 March 2013, none of the covenants relating to drawn down facilities had been breached (six months ended 31 March 2012: Same).

18 OBLIGATIONS UNDER FINANCE LEASES

As at 31 March 2013 and 30 September 2012, the Group's finance lease liabilities were repayable as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Within one year	**171**	414
In the second to fifth year	**557**	–
	728	414
Future finance charges on finance leases	**(75)**	(5)
Present value of finance lease liabilities	**653**	409

The present value of finance lease liabilities is as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Within one year	**140**	409
In the second to fifth year	**513**	–
	653	409

The carrying amount of the finance lease liabilities approximates their fair values. The Group has leased property, plant and equipment under finance leases with net book value of HK$690,000 as at 31 March 2013 (as at 30 September 2012: HK$2,091,000).

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000	**As at 31 March 2013 HK$'000**	As at 30 September 2012 HK$'000
Trade payables	**70,643**	105,067	**–**	–
Deposits received	**61,435**	32,893	**–**	–
Accrued employee benefit expenses	**33,074**	23,370	**–**	–
Accrued operating expenses	**21,877**	27,283	**–**	–
Provision for sales rebate to customers	**7,955**	11,300	**–**	–
Payable for purchase of property, plant and equipment	**68,140**	33,116	**–**	–
Other payables and accruals	**19,659**	18,077	**122**	7
Other payables and accrued charges	**212,140**	146,039	**122**	7
Trade payables, other payables and accrued charges	**282,783**	251,106	**122**	7

As at 31 March 2013 and 30 September 2012, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
0 – 30 days	**41,081**	75,029
31 – 60 days	**15,929**	21,983
61 – 90 days	**7,723**	4,961
Over 90 days	**5,910**	3,094
	70,643	105,067

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES *(Continued)*

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	Group	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
AUD	**787**	1,206
RMB	**56,676**	92,013
USD	**12,867**	11,535
HK$	**313**	313
	70,643	105,067

20 INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Unlisted shares, at cost	**828,317**	–

(b) Due from/to a subsidiary/fellow subsidiary

	Company	
	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Due from a subsidiary	**1,104,062**	–
Due to a fellow subsidiary	**–**	395

20 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(b) Due from/to a subsidiary/fellow subsidiary *(Continued)*

The amounts due from/to a subsidiary/fellow subsidiary are unsecured, interest free and have no fixed terms of repayment.

The carrying value of the amounts due from/to a subsidiary/fellow subsidiary approximates its fair value.

(c) Particulars of subsidiaries

The following is a list of the principal subsidiaries at 31 March 2013:

Name of company	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest	Principal activities and place of operations
PanAsia Aluminium (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100% (indirect)	Trading of aluminium products/Hong Kong
PanAsia Aluminium Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100% (indirect)	Investment holding and provision of management services/ Hong Kong
PanAsia Trading Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100% (indirect)	Trading of aluminium products/Hong Kong
OPAL (Macao Commercial Offshore) Limited	Macao	Registered capital of MOP1,000,000	100% (indirect)	Trading of aluminium products/Macao
榮陽鋁業(中國)有限公司 ("**PanAsia Aluminium (China) Co., Ltd.**")#	The PRC	Registered capital of US$21,889,000 and paid-up capital of US$21,889,000	100% (indirect)	Manufacturing and trading of aluminium products/ the PRC
廣州澳普利發門窗系統有限公司 ("**Guangzhou OPLV Doors and Windows Systems Co., Ltd.**")#	The PRC	Registered capital of US$13,000,000 and paid-up capital of US$13,000,000	100% (indirect)	Processing and trading of windows and doors system/the PRC
廣州榮富電子科技有限公司 ("**Guangzhou Rongfu Electronics Technology Co. Ltd.**")#	The PRC	Registered capital of RMB10,000,000 and paid up capital of RMB10,000,000	100% (indirect)	Manufacturing, developing and trading of electronics products and computer parts/the PRC

20 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(c) Particulars of subsidiaries *(Continued)*

Name of company	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest	Principal activities and place of operations
PanAsia Enterprises Group Limited	The British Virgin Islands (the "**BVI**")	2 ordinary shares of US$1 each	100% (direct)	Investment holding
Cepa Chance Investments Limited	The BVI	1 ordinary share of US$1 each	100% (indirect)	Inactive
Loyal Hill (Holdings) Limited	Hong Kong	1 ordinary share of HK$1 each	100% (indirect)	Inactive
Loyal Hill Limited	Hong Kong	1 ordinary share of HK$1 each	100% (indirect)	Inactive
OPLV Architectural Design Pty Ltd	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Inactive
PanAsia Group Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	100% (indirect)	Investment holding
Triplerich Associates Limited	The BVI	1 ordinary share of US$1 each	100% (indirect)	Holding of trademarks
Win International Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100% (indirect)	Investment holding
成都珍誠貿易有限公司 ("**Chengdu Zhencheng Trading Co., Ltd.**")#	The PRC	Registered capital of HK$10,000,000, and paid up capital of HK$2,000,000	100% (indirect)	General trading and after sales services/the PRC

The English names of certain subsidiaries and auditors referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

21 EXPENSES BY NATURE

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Auditor's remuneration – current period	**1,928**	1,928
Operating leases – land and buildings	**1,730**	656
Changes in inventories of finished goods and work in progress	**(30,905)**	(22,149)
Raw materials and consumables used	**800,413**	803,470
Loss on disposal of property, plant and equipment	**1,485**	1,638
Employee benefit expenses (Note 22)	**156,897**	82,071
Depreciation:		
Owned property, plant and equipment (Note 6)	**24,366**	20,412
Leased property, plant and equipment (Note 6)	**106**	552
Transportation expenses	**29,621**	28,377
Amortisation of land use rights (Note 7)	**114**	141
Legal and professional fees	**597**	2,424
Research and development costs	**3,157**	2,353
Utilities	**32,931**	25,326
Other expenses	**41,847**	44,174
Total cost of sales, distribution and selling expenses and administrative expenses	**1,064,287**	991,373

22 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Wages and salaries	**145,254**	77,737
Pension cost – social security costs	**2,753**	950
Pension cost – defined contribution plans	**320**	273
Other benefits	**8,570**	3,111
	156,897	82,071

23 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments of individual director of the Company during the six months ended 31 March 2013 and 2012 were set out as follows:

For the six months ended 31 March 2013	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Pension HK$'000	Total HK$'000
Name of Directors					
Executive Directors:					
Mr. Marcus Pan*	775	274	-	90	1,139
Ms. Shao Lidan	720	545	-	35	1,300
Mr. Leung Chi Wing	-	2,500	-	6	2,506
Independent Non-Executive Directors:					
Mr. Tsang Wah Kwong	120	-	-	-	120
Mr. Chan Nim Leung Leon	100	-	-	-	100
Mr. Wong Yee Shuen Wilson	100	-	-	-	100
	1,815	3,319	-	131	5,265

For the six months ended 31 March 2012 (unaudited)	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Pension HK$'000	Total HK$'000
Name of Director					
Executive Director:					
Mr. Marcus Pan*	–	1,048	–	62	1,110
	–	1,048	–	62	1,110

* Chairman and chief executive officer

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the companies comprising the Group during the six months ended 31 March 2013 and 2012.

No director of the Company waived any emolument during the six months ended 31 March 2013 and 2012.

23 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

For the six months ended 31 March 2013, the five individuals whose emoluments were the highest in the Group include 3 directors (six months ended 31 March 2012: 1), whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 2 (six months ended 31 March 2012: 4) individuals are as follows:

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Salaries and allowances	**1,550**	6,864
Pension	**62**	51
	1,612	6,915

The emoluments of these remaining individuals fell within the following emolument bands:

	For the six months ended 31 March	
	2013	2012
		(unaudited)
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	1
	2	4

During the six months ended 31 March 2013, none of the directors of the Company and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments (six months ended 31 March 2012: Same).

24 OTHER INCOME

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Government grant	**–**	76
Forfeiture of customer deposits	**150**	207
Others	**985**	1,304
	1,135	1,587

25 OTHER (LOSSES)/GAINS – NET

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Net exchange (losses)/gains	**(5,787)**	21,808
Fair value (loss)/gain on derivative financial instruments – foreign exchange forward contracts	**(1,749)**	484
Fair value gain on derivative financial instruments – equity-index embedded derivative	**142**	72
	(7,394)	22,364

26 FINANCE INCOME AND COSTS

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Interest expenses:		
Interest expense on bank borrowings wholly repayable within 5 years	**13,629**	11,897
Interest element of finance leases	**5**	44
Finance costs	**13,634**	11,941
Interest income:		
Interest income on capital guaranteed fund	**(17)**	(18)
Interest income on bank deposits	**(116)**	(72)
Finance income	**(133)**	(90)
Finance costs – net	**13,501**	11,851

27 INCOME TAX (CREDIT)/EXPENSE

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit for the six months ended 31 March 2013. Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the six months ended 31 March 2012.

The Group's operations in the PRC are subject to the PRC corporate income tax. No PRC corporate income tax has been provided as the Group has no estimated assessable profit for the six months ended 31 March 2013. The standard PRC corporate income tax rate was 25% during the six months ended 31 March 2012.

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, OPAL (Macao Commercial Offshore) Limited is exempted from Macao Complementary Tax during the six months ended 31 March 2013 (six months ended 31 March 2012: Same).

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Hong Kong profits tax		
– current period	**–**	589
Overseas taxation		
– current period	**–**	10,481
– over-provision in prior periods (Note)	**(40,342)**	–
	(40,342)	11,070

Note:

On 6 February 2013, the Group received the additional PRC corporate income tax assessments from PRC relevant tax bureau regarding the years of assessment from 2008 to 2010. In response to these assessments, a total payment of RMB3,292,000 (equivalent to HK$4,082,000) has been made by the Group to the tax bureau in March 2013. In the opinion of the directors, it has been confirmed with the tax bureau that no further tax liabilities are payable for the years of assessment prior to 2008. Accordingly, the excess tax provision of RMB30,140,000 (equivalent to HK$37,376,000) has been reversed.

Moreover, an overprovision of PRC corporate income tax of RMB2,392,000 (equivalent to HK$2,966,000) previously provided for 2012 as at 30 September 2012 has been reversed during the period.

27 INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the companies comprising the Group as follows:

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Profit before income tax	**208,611**	204,002
Tax calculated at Hong Kong profits tax rate of 16.5%	**34,421**	33,660
Income not subject to tax	**(34)**	(117)
Expenses not deductible for tax purposes	**3,248**	1,680
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(50,784)**	(31,028)
Tax losses for which no deferred income tax asset was recognised	**10,573**	1,878
Over provision in prior periods	**(40,342)**	–
Other temporary differences not recognised	**2,576**	4,997
Income tax (credit)/expense	**(40,342)**	11,070

As at 31 March 2013, the Group had unrecognised tax losses of approximately HK$66,349,000 (as at 30 September 2012: HK$58,159,000) to carry forward against future taxable income. The unrecognised tax losses were contributed by the Company's subsidiaries, PanAsia Aluminium Limited, PanAsia Aluminium (Hong Kong) Limited, PanAsia Trading Limited and Guangzhou OPLV Doors and Windows Systems Co., Ltd.. The tax losses of PanAsia Aluminium Limited, PanAsia Aluminium (Hong Kong) Limited and PanAsia Trading Limited have no expiry date while the tax loss of Guangzhou OPLV Doors and Windows Systems Co., Ltd. will expire as follows:

27 INCOME TAX (CREDIT)/EXPENSE *(Continued)*

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
With no expiry date	**9,927**	8,943
Expiry year:		
– 2013	**7,912**	7,868
– 2014	**10,638**	10,579
– 2015	**17,948**	17,848
– After 2015	**19,924**	12,921
	66,349	58,159

Deferred income tax liabilities of HK$1,112,000 have not been recognised as at 31 March 2013 (as at 30 September 2012: HK$2,516,000), for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Management is of the view that unremitted earnings totalled HK$22,239,000 as at 31 March 2013 (as at 30 September 2012: HK$50,318,000), are intended for re-investment in the PRC and there is no current plan for distribution.

On 27 March 2013, the Hong Kong Inland Revenue Department ("**IRD**") issued protective estimated assessments for the year of assessment 2006/07 to the Company and certain of its subsidiaries, demanding profits tax payments. Notices of objection have been lodged and the IRD has granted unconditional holdover orders in respect of the profits tax payments demanded.

It is the management's understanding that the protective estimated assessments were merely issued to keep the 2006/07 assessment year open in view of the statutory time-bar, and the case is in the information collection stage. Management is of the view that the tax position taken by the Company and the relevant subsidiaries are supported by sustainable facts and technical grounds, and management will vigorously defend such tax position taken. Management is also of the view that, as at the date of this report, there is no reliable basis for estimating, and providing for any potential tax liabilities, and the corresponding penalty and interest, if any.

28 DIVIDENDS

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(Unaudited)
Interim dividends declared and paid by a subsidiary of the Group prior to Reorganisation (Note (a))	**50,000**	30,000
Interim dividend of 20 HK cents per ordinary share declared by the Company subsequent to the balance sheet date (Note (b))	**240,000**	–
	290,000	30,000

Notes:

(a) Interim dividends were declared and paid by a subsidiary of the Group to its then equity holders prior to the Group's Reorganisation which was completed on 12 October 2012.

(b) Interim dividend was declared by the Company to its equity holders. The amount of such interim dividend for the six months ended 31 March 2013 was based on 1,200,000,000 shares in issue as at 22 May 2013 (Note 33).

The aggregate amounts of the dividends paid during the six months ended 31 March 2013 and 2012 have been disclosed in the consolidated interim statements of comprehensive income in accordance with the Hong Kong Companies Ordinance.

29 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

In determining the number of ordinary shares in issue for the six months ended 31 March 2013 and 2012, the issue and allotment of 1 share by the Company on 7 October 2005 (Note 15(a)), the 999,999 shares issued and allotted on 12 October 2012 (Note 15(b)) and the 899,000,000 shares issued and allotted through capitalisation of the share premium account of the Company upon listing on 5 February 2013 (Note 15(d)), were deemed to have been issued since 1 October 2012.

	For the six months ended 31 March	
	2013	2012 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**248,953**	192,932
Weighted average number of ordinary shares in issue	**990,659,341**	900,000,000
Basic earnings per share (HK cents)	**25**	21

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 31 March 2013 and 2012.

30 NOTES TO CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Profit before income tax	**208,611**	204,002
Adjustments for:		
– Fair value loss/(gain) on derivative financial instruments – foreign exchange forward contracts (non-cash portion)	**668**	(1,053)
– Fair value gain on derivative financial instruments – equity-index embedded derivative (Note 25)	**(142)**	(72)
– Loss on disposal of property, plant and equipment (Note 21)	**1,485**	1,638
– Depreciation of property, plant and equipment (Note 6)	**24,472**	20,964
– Amortisation of prepaid land use rights (Note 7)	**114**	141
– Interest expense on bank borrowings (Note 26)	**13,629**	11,897
– Interest element of finance leases (Note 26)	**5**	44
– Interest income on bank deposits, capital guaranteed fund and trade receivables (Note 26)	**(133)**	(90)
	248,709	237,471
Changes in working capital:		
– Inventories	**9,772**	(36,881)
– Trade receivables, prepayments, deposits and other receivables	**58,802**	(152,327)
– Trade payables, other payables and accrued charges	**(12,939)**	(761)
– Due from related companies	**6,096**	(1,563)
Cash generated from operations	**310,440**	45,939

30 NOTES TO CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS *(Continued)*

(b) An analysis of changes in obligations under finance leases is as follows:

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
At beginning of the period	**409**	1,875
Inception of new leases	**753**	–
Exchange difference	**–**	(17)
Interest element of finance leases charged to consolidated interim statement of comprehensive income (Note 26)	**5**	44
Cash outflows	**(514)**	(750)
At end of the period	**653**	1,152

(c) An analysis of loss on disposal of property, plant and equipment is as follows:

	For the six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(unaudited)
Net book amount (Note 6)	**1,485**	1,692
Loss on disposal of property, plant and equipment	**(1,485)**	(1,638)
Proceeds from disposal of property, plant and equipment	**–**	54

31 COMMITMENTS

(a) Capital commitments

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Contracted but not provided for		
– Property, plant and equipment	**8,627**	83,614

(b) Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 March 2013 HK$'000	As at 30 September 2012 HK$'000
Within one year	**5,904**	5,792
In the second to fifth year inclusive	**8,883**	10,824
	14,787	16,616

At the end of the reporting period, the Company did not have any significant commitments.

32 RELATED PARTY TRANSACTIONS

Related parties refer to entities in which the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries.

32 RELATED PARTY TRANSACTIONS *(Continued)*

Save as disclosed elsewhere in the consolidated interim financial statements, the Group had the following related party transactions during the six months ended 31 March 2013 and 2012:

(i) Sales of goods

	Note	For the six months ended 31 March **2013** **HK$'000**	 2012 HK$'000 (unaudited)
Continuing: Sales of aluminium extrusion materials Guangzhou Rongjin Curtain Wall Co. Ltd. ("**Rongjin**") 廣州市榮晉幕墻有限公司[1]	*(a),(b)*	**9,482**	13,348

[1] The English name of the related company incorporated in the PRC represents the best effort by management of the Company in translating its Chinese name as it does not have official English names.

Note:

(a) The company is controlled by family members of Mr. Marcus Pan, a director of the Company.

(b) In the opinion of the directors, these transactions were entered into in the normal course of business of the Group at terms mutually agreed by the parties concerned.

(ii) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	For the six months ended 31 March **2013** **HK$'000**	 2012 HK$'000 (unaudited)
Salaries, bonus and allowances	**7,780**	7,302
Pension	**212**	175
	7,992	7,477

32 RELATED PARTY TRANSACTIONS *(Continued)*

(iii) Balance with a related party

Group – Due from a related company:

	Note	**As at 31 March 2013 HK$'000**	As at 30 September 2012 HK$'000
Related company			
Rongjin	*(a),(b)*	**1,842**	7,938

Company:

	Note	**As at 31 March 2013 HK$'000**	As at 30 September 2012 HK$'000
Due from a subsidiary	*(c)*	**1,104,062**	–
Due to a fellow subsidiary	*(c)*	**–**	395

Note:

(a) The amounts due are unsecured, interest-free and repayable on demand.

(b) The company is controlled by family members of Mr. Marcus Pan, a director of the Company.

(c) The amount due to a fellow subsidiary was interest-free, unsecured and repayable on demand.

33 EVENT AFTER THE BALANCE SHEET DATE

At the Board of Directors meeting held on 22 May 2013, the Board of Directors has resolved to declare an interim dividend of 20 HK cents per ordinary share for the six months ended 31 March 2013. This interim dividend was not recognised as a dividend payable in the consolidated interim financial statements for the six months ended 31 March 2013.