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

Annual Report 2013

Contents

Corporate Information

Directors

Executive Directors

Mr. Marcus Pan (Chairman and
Chief Executive Officer ("**CEO**"))
Ms. Shao Lidan
Mr. Fung Chi Kong Felix
Mr. Lee Hui Fu
Ms. Ng Bonnie Po Ling (Chief Financial Officer)

Independent Non-Executive Directors

Mr. Tsang Wah Kwong
Mr. Chan Nim Leung Leon
Mr. Wong Yee Shuen Wilson
Mr. Tse Chiang Kwok Nassar

Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Authorised Representatives

Mr. Fung Chi Kong Felix
Ms. Ng Bonnie Po Ling
Ms. Yuen Suk Ching
(alternate to Mr. Fung Chi Kong Felix)

Company Secretary

Ms. Yuen Suk Ching

Place of Listing

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

Stock Code

2078

Registered Office

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

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

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

Corporate Information

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

Independent Auditor
PricewaterhouseCoopers

Legal Advisers
As to Hong Kong law:
Sidley Austin

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman (Cayman) Limited

Compliance Adviser
Fortune Financial Capital Limited

Website
www.palum.com

Chairman's Statement

On behalf of the Board of Directors (the "**Directors**") (the "**Board**") of PanAsialum Holdings Company Limited (the "**Company**"), I now present the first annual report of the Company with its subsidiaries (the "**Group**") for the year ended 30 September 2013 (the "**year under review**") since the Company's listing of its shares on the Main Board of the Stock Exchange on 5 February 2013 (the "**Listing**").

We recorded total revenue of HK$2,584 million for the year under review, which represented an increase of 6% as compared to HK$2,437 million for the year ended 30 September 2012. Gross profit decreased from HK$615 million for the year ended 30 September 2012 to HK$599 million for the year under review. The gross profit margin for the year under review was 23%, as compared with 25% for the year ended 30 September 2012. Profit attributable to equity holders of the Company for the year under review was HK$214 million, representing a substantial decrease of 40% as compared to HK$357 million for the year ended 30 September 2012.

The decrease in gross profit and profit attributable to equity holders of the Company during the year was mainly due to the substantial increase in direct and indirect operating expenses including increase in workforce for an average of 37%, operating lease and related expenses incurred as result of the enlarging of our computer numerical control ("**CNC**") processing capacity. Those costs were originally expected to be absorbed by the increasing new orders for electronics parts ("**Electronics Parts**") from a major customer of the Group. However this customer had reduced its orders, particularly for CNC products, in the second half of the year which led to an excess of CNC processing capacity, an increase in our fixed production cost and operating expenses and as a result, a decline in our gross profit margin and profit attributable to equity holders of the Company. In addition, the weak performance of the Australian dollar ("**AUD**") has also affected the profit of the Group's export sales of construction and industrial products ("**Construction and Industrial Products**") to the Australian market in the second half of the year under review.

Although there was a significant drop in the orders of CNC products from the major customer in the second half of the year, sales of Electronics Parts to this customer still contributed approximately 50% to our total revenue during the year under review. In view of the strong sales of these products to this customer for the year ended 30 September 2012 and the previous strong ordering pattern, we invested an additional 150 CNC machines and expanded our workforce in early months of the year under review. As noted above, the major customer scaled down its orders, particularly for CNC products, in the second half of the year under review which resulted in a decline in the gross profit margin and profit attributable to equity holders of the Company. The average gross profit margin on sales in this segment has maintained at 28% for the years ended 30 September 2012 and 2013, respectively.

Branded OPLV products ("**Branded OPLV Products**") sales during the year under review achieved 25% growth as compared with the year ended 30 September 2012 as a result of marketing campaigns and additional promotion offers given to new and existing distributors. The encouraging growth in revenue was in line with our business plan. The gross profit margin decreased from 23% for the year ended 30 September 2012 to 19% for the year under review mainly due to the promotion offers given.

Regarding the Construction and Industrial Products, export sales to Australia remained stable while sales to customers in Mainland China dropped during the year under review. Although there was an increase in sales volume to Australia, the weak performance of the AUD in the second half of the year under review adversely affected the revenue from the Construction and Industrial Products segment relating to the Australian market. The decrease in Mainland China sales was mainly because of the competitive pricing environment which prevented us from sustaining a satisfactory profit margin and we therefore diverted our production capacity to other higher margin products. The gross profit margin decreased from 23% for the year ended 30 September 2012 to 18% for the year under review.

We had HK$499 million cash and cash equivalents and HK$300 million of fixed bank deposits as at 30 September 2013, after taking into consideration of the capital expenditure of the Group in the foreseeable future, we consider our liquidity position to be healthy.

Chairman's Statement

The Board has declared and paid an interim dividend of 20 HK cents per share which was distributed to shareholders of the Company (the "**Shareholders**") on 27 June 2013, and does not recommend the payment of a final dividend for the year under review.

Sales to the Group's major customer have gradually picked up since October 2013. Going forward, we continue to capture opportunities in the Electronics Parts business by widening our customer base, developing new products and further strengthening our relationship with our major customers. Our ongoing efforts to develop new products based on market demand are progressing and our research and development department is striving diligently to achieve the goals.

We will further penetrate the Mainland China market for Branded OPLV Products by soliciting additional performing long-term distributors and expanding our distribution network in areas beyond existing coverage. We anticipate the growth rate of Branded OPLV Products sales will continue to follow its current momentum and its profit margin will be improved.

As for the Construction and Industrial Products, we expect the sales to Australia will remain stable while maintaining a steady profit margin. We will develop new customers in Hong Kong, Macau and other regions to compensate the loss of customers in Mainland China. We will continue to look for other opportunities in low risk financial instruments that may minimize the impact of currency fluctuation to the Group's performance.

In general, we will continue to diversify our product range and explore potential customers in order to minimise the risk of concentration on a particular product category, geographical market or group of customers.

On 1 October 2013, the Company entered into an investment agreement with the People's Government of Wolong District (the "**Wolong District Government**") of Nanyang City, Henan Province, the PRC ("**Nanyang**"). Pursuant to this agreement, the Group conditionally agreed to invest in two phases an aggregate sum of RMB3,000 million (approximately HK$3,780 million) for the establishment of an aluminium alloy production base at the Nanyang Optelectronics Industry Cluster Area. Subject to the result of acquisition of land in Nanyang through a public tender process and the development progress of the establishment of the production facilities in Nanyang, the production facilities of the Group currently located in Zengcheng, Guangdong Province, the PRC ("**Zengcheng**") will gradually be relocated to the new site in Nanyang. This Project will be developed in two phases, a new wholly owned subsidiary of the Company, 榮陽實業(南陽)有限公司, was set up with registered capital of US$148 million on 21 October 2013 and the agreed investment amount will be injected in phases by not later than end of June 2017 and will be funded by internal resources of the Group and external financing where necessary. As production cost is generally higher in Guangdong province when compared with the inner provinces of the PRC, and Guangdong province has also experienced a shortage of labours in recent years, the establishment of a new production base in Nanyang and the planned relocation of the production facilities of the Group from Zengcheng to Nanyang would enable the Group to operate in a spacious environment, within close proximity to its customers, and enjoy lower operating costs.

On behalf of the Board, I would like to express my sincere gratitude to our Shareholders, business partners and customers for their support. Appreciation must also be extended to the management team and our employees for their diligence and dedication. The Group is continuing to explore potential business development opportunities in order to enhance the return to our Shareholders.

Marcus Pan
Chairman and CEO

Hong Kong, 16 December 2013

Management Discussion and Analysis

Overview

Business and Financial Overview

The Group is an 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 total operating revenue of the Group for the year under review was HK$2,584 million (2012: HK$2,437 million), representing an increase of 6% as compared with the year ended 30 September 2012. The Group's overall gross profit margin decreased from 25% for the year ended 30 September 2012 to 23% for the year under review; and the net profit after tax attributable to shareholders has declined substantially to HK$214 million (2012: HK$357 million). The major reasons of these are (i) the significant reduction in the orders for Electronics Parts from a major customer of the Group in the second half of the year under review leading to an excess of CNC processing capacity, an increase in our fixed production cost and operating expenses such as increased workforce, operating lease and related expenses which were originally expected to be absorbed by the increase in orders for new electronics parts; and (ii) the weak performance of the AUD in the second half of the year under review.

Comparing the year under review with the year ended 30 September 2012, revenue from the Electronics Parts segment and that from the Branded OPLV Products segment has risen by 15% and 25% respectively, but revenue from the Construction and Industrial Products segment has dropped by 9%.

Revenue contributions by respective segments for the years ended 30 September 2012 and 2013 are presented below.

	Revenue for the year ended 30 September		Percentage of contribution to the total revenue for the year ended 30 September	
	2013 (HK$ million)	2012 (HK$ million)	**2013**	2012
Business Segment				
– Electronics Parts	**1,320**	1,144	**51.1%**	46.9%
– Construction and Industrial Products	**940**	1,035	**36.4%**	42.5%
– Branded OPLV Products	**324**	258	**12.5%**	10.6%
Total	**2,584**	2,437	**100.0%**	100.0%
Geographical Segment				
– The PRC	**1,708**	1,530	**66.1%**	62.8%
– Australia	**741**	733	**28.7%**	30.0%
– North America	**24**	51	**0.9%**	2.1%
– Hong Kong	**67**	71	**2.6%**	2.9%
– Others	**44**	52	**1.7%**	2.2%
Total	**2,584**	2,437	**100.0%**	100.0%

Management Discussion and Analysis

Electronics Parts

The Electronics Parts segment contributed approximately HK$1,320 million to the total revenue of the Group, representing an increase of 15% as compared with HK$1,144 million for the year ended 30 September 2012. The increase was a net result of the consistent orders of existing products and increasing orders of new products from our major customer during the first half of the year under review and the reduction of the volume of orders for new products with higher profit margin during the second half of the year under review.

Based on the trend from the major customer orders for the year ended 30 September 2012, the Group purchased an additional 150 CNC machines to meet the demand during the year under review, which has increased the production costs correspondingly. However, the orders for new products from the major customer dropped significantly and the gap was compensated by the orders on the existing products with lower profit margin in the second half of the year under review. Therefore, the revenue and the gross profit of the Group's Electronics Parts in the second half of the year under review declined. The gross profit margin of the Electronics Parts has been maintained at 28% (2012: 28%) for the year under review as a whole.

Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment are HK$940 million (2012: HK$1,035 million) and 18% (2012: 23%) for the year under review respectively. The segment also experienced a decrease in revenue and gross profit in the second half of the year under review. The Group has maintained its market share in Australia and revenue from the Australian market recorded a small growth as compared to the year ended 30 September 2012. As the selling price to the Australian market is marked in AUD, the weak performance of AUD in the second half of the year under review has weakened the revenue and gross profit margin of the Construction and Industrial Products. Apart from the depreciation of AUD during the second half of the year under review, the decrease in revenue was also due to the redeployment of more resources to other segments which presented better growth potential than the Construction and Industrial Products segment during the year under review. In addition, the Group de-selected certain customers in Mainland China whose orders could not achieve a satisfactory gross profit margin.

Branded OPLV Products

The Group has continued to develop the Branded OPLV Products market in Mainland China by engaging additional distributors for selling Branded OPLV Products. At the end of the year under review, the distribution network comprised 603 distributors in 28 provinces, autonomous regions and municipalities (as compared to 577 distributors at the end of the year ended 30 September 2012). Promotion offers were given to distributors to maintain sales volume and attract more new distributors to enlarge our market exposure for the year under review. Therefore, the gross profit margin of Branded OPLV Products dropped from 23% for the year ended 30 September 2012 to 19% for the year under review despite an increase in the revenue from HK$258 million for the year ended 30 September 2012 to HK$324 million for the year under review.

With an active response to the prevailing market environment, the Group (i) will continue to develop the Branded OPLV Products market in Mainland China by engaging new distributors in different provinces and counties; (ii) will endeavour to diversify the product range and explore potential customers in order to minimise the risk of concentration on a particular product category or group of customers; (iii) will continue to promote new products not subject to anti-dumping duties to Australian customers, in view of the fact that the sales volume to Australia were able to maintain during the year under review as around 41% of products sold were not subject to anti-dumping duties; and (iv) will continue to look for other measures and opportunities that may minimise the impact of fluctuation of foreign currency to the Group's performance.

Cost of sales

Cost of sales increased by 9% from HK$1,822 million for the year ended 30 September 2012 to HK$1,985 million for the year under review.

Gross profit

Our gross profit decreased by 3% from HK$615 million for the year ended 30 September 2012 to HK$599 million for the year under review. Our gross profit margin decreased from 25% for the year ended 30 September 2012 to 23% for the year under review due to the following changes in the gross profit margin of each of our product categories.

Management Discussion and Analysis

Electronics Parts The gross profit margin of our Electronics Parts remained stable at 28% for the year under review compared to 28% for year ended 30 September 2012.

Construction and Industrial Products The gross profit margin of our Construction and Industrial Products dropped from 23% for the year ended 30 September 2012 to 18% for the year under review, mainly due to the weak performance of the AUD which affected the selling price and profit of the Group's export sales to Australia after the currency translation.

Branded OPLV Products The gross profit margin of our Branded OPLV Products decreased from 23% for the year ended 30 September 2012 to 19% for the year under review, mainly because of the promotion offers given to distributors.

Distribution and selling expenses
Distribution and selling expenses declined by 3% from HK$103 million for the year ended 30 September 2012 to HK$100 million for the year under review. The decline was mainly due to the decrease in advertising expenses being slightly offset by the increase in staff costs and travelling expenses.

Administrative expenses
Administrative expenses rose by 89% from HK$139 million for the year ended 30 September 2012 to HK$263 million for the year under review. The increase was mainly due to an increase in operating expenses, including (i) a larger head count for the Group's expansion of operation, staff costs, operating lease expenses and cost of utilities, (ii) the one-off discretionary and retirement bonuses for directors and staff, (iii) a one-time sign up fee for a director and (iv) the introduction of a staff talent attraction and retention programme for the year under review.

Other income
Other income declined by 50% from HK$4 million for the year ended 30 September 2012 to HK$2 million for the year under review. The decline was mainly due to a decrease in the confiscation of guarantee funds from customers recorded for the year under review.

Other (losses)/gains – net
Other (losses)/gains decreased from a HK$27 million gain for the year ended 30 September 2012 to a HK$37 million loss for the year under review. The decrease was mainly due to the realised and unrealised exchange losses arising from the appreciation of the Renminbi and the depreciation of the AUD during the year under review compared to the realised exchange gains from the appreciation of the AUD for the year ended 30 September 2012.

Finance income
Finance income climbed by 625% from HK$209,000 for the year ended 30 September 2012 to HK$1,516,000 for the year under review. The rise was mainly due to higher interest income from our increased average balances of bank deposits.

Finance costs
Finance costs decreased by 15% from HK$26 million for the year ended 30 September 2012 to HK$22 million for the year under review. The decrease was mainly due to a decrease in interest expenses on bank borrowings wholly repayable within three to five years.

Income tax credit/(expense)
Our income tax expense decreased from HK$22 million for the year ended 30 September 2012 to a net write-back of prior years' tax provision of HK$34 million for the year under review, primarily due to the finalisation of the PRC corporate income tax assessments for the years up to 2010 during the year under review.

Profit after tax for the year
Profit after tax for the year decreased by 40% from HK$357 million for the year ended 30 September 2012 to HK$214 million for the year under review.

Currency translation differences
Currency translation differences increased from HK$487,000 for the year ended 30 September 2012 to HK$12 million for the year under review, mainly because the appreciation of Renminbi at a higher rate against the Hong Kong dollar during the year under review as compared to the year ended 30 September 2012.

Total comprehensive income for the year
As a result of the foregoing, total comprehensive income decreased by 37% from HK$358 million for the year ended 30 September 2012 to HK$226 million for the year under review.

Liquidity, Financial Resources and Bank Loans

The Group had HK$499 million cash and cash equivalents (2012: HK$143 million) and HK$300 million of fixed bank deposits (2012: Nil) as at 30 September 2013. After taking into consideration the capital expenditure of the Group during the foreseeable future, the Group considers that our liquidity position is healthy.

Human Resources and Management

As at 30 September 2013, the Group employed approximately 4,400 staff. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

Prospects

Sales of Electronics Parts to the Group's major customer have gradually picked up since October 2013. Going forward, the Group continues to capture opportunities in the Electronics Parts business by widening customer base, developing new products and further strengthening relationship with major customers. Our ongoing efforts to develop new products based on market demand are progressing and our research and development department is striving diligently to achieve the goals.

The Group will continue to further penetrate the Mainland China market for Branded OPLV Products by soliciting additional performing long-term distributors and expanding our distribution network in areas beyond existing coverage. We anticipate the growth rate of Branded OPLV Products sales will continue its current momentum and its profit margin will be improved.

As for Construction and Industrial Products, the Group expects the sales to Australia will remain stable while maintaining a steady profit margin. The Group will develop new customers in Hong Kong, Macau and other regions to compensate the loss of customers in Mainland China. We will continue to look for other opportunities in low risk financial instruments that may minimise the impact of foreign currency fluctuation to the Group's performance.

On 1 October 2013, the Company entered into an investment agreement with the Wolong District Government pursuant to which the Group conditionally agreed to invest in two phases an aggregate sum of RMB3,000 million (approximately HK$3,780 million) for the establishment of an aluminium alloy production base at the Nanyang Optelectronics Industry Cluster Area. Subject to the result of acquisition of land in Nanyang through a public tender process and the development progress of the establishment of the production facilities in Nanyang, the production facilities of the Group currently located in Zengcheng are to be eventually relocated to the new site in Nanyang.

Management Discussion and Analysis

Liquidity, Financial Resources and Capital Structure

Summary of key financial ratios

	For the year ended 30 September 2013	2012
Gross Profit Margin (1)	**23.2%**	25.2%
Return on Equity (2)	**11.9%**	48.5%
Interest Coverage Ratio (3)	**8.95**	15.76

	As at 30 September 2013	As at 30 September 2012
Current Ratio (4)	**2.66**	1.31
Quick Ratio (5)	**2.23**	1.10
Gearing Ratio (6)	**27.9%**	81.9%
Debt to Equity Ratio (7)	**0.1%**	62.4%

(1) The calculation of Gross Profit 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 year divided by total equity 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 obligations under finance leases less cash and cash equivalents divided by total equity multiplied by 100%.

The decrease in the equity related ratios for the year under review or as at 30 September 2013 is the result of the increase in equity upon the issuance of ordinary shares.

Gross Profit Margin

The decrease of gross profit margin from 25% for the year ended 30 September 2012 to 23% for the year under review is mainly due to decrease in the sales of high margin products and increase in fixed overheads during the year under review.

Return on equity

For the year under review: 11.9%.

For the year ended 30 September 2012: 48.5%.

Interest coverage ratio

The decrease of interest coverage ratio from 15.76 for the year ended 30 September 2012 to 8.95 for the year under review is mainly due to decrease in profit before interest and tax expenses for the year under review.

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 2.66 and 2.23 as at 30 September 2013 respectively was due to the use of part of the proceeds from initial public offerings to repay some high interest bearing bank loans and the decrease in current liabilities as at 30 September 2013.

Management Discussion and Analysis

Gearing Ratio and Indebtedness

Gearing ratio

For the year under review: 27.9%.

For the year ended 30 September 2012: 81.9%.

As at 30 September 2013, the Group had HK$499 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 under review: 0.1%.

For the year ended 30 September 2012: 62.4%.

As at 30 September 2013, the Group had HK$499 million in cash and cash equivalents (2012: HK$143 million) and HK$300 million of fixed bank deposits (2012: Nil). We have pledged HK$22 million of bank deposits (2012: HK$22 million) and all assets of the Group to the bank for securing banking facilities (2012: Same).

Foreign Exchange

We continued to receive AUD and United States dollars from our sales to major customers during the year under review, while most of the Group's purchases of raw materials are settled in Renminbi. As Renminbi is not a freely convertible currency, any fluctuation in exchange rate of Hong Kong dollar ("**HKD**") against Renminbi may have impact on the Group's results. We only hedged AUD exchange risk against HKD during the year under review. 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 year under review.

The maximum value of outstanding plain foreign-exchange forward contracts we held at the end of the year under review and the aggregate gains we experienced from the settlement of such contracts during the year under review are summarised below:

Maximum value (AUD in million)	12
Gains (HKD in million)	5

Material Acquisition and Disposal

Save as the reorganisation stated in the prospectus of the Company dated 23 January 2013 (the "**Prospectus**"), the Group had no other material acquisition and disposal for the year under review.

Taxation

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. Details have been set out in note 27 to the consolidated financial statements of this annual report.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 30 September 2013 were approximately HK$7 million (2012: HK$84 million), which was mainly related to the acquisition of machineries in the PRC.

Contingent Liabilities

As at 30 September 2013, the Group had no material contingent liabilities (2012: Nil).

Biographical Details of Directors and Senior Management

Directors

The Board currently consists of nine Directors, comprising five executive Directors and four independent non-executive Directors.

Executive Directors

Mr. Marcus Pan, aged 41, founded the Group in 1997 and has been an executive Director, CEO and chairman of the Company since October 2005. He is responsible for the overall strategic planning of the Group's business, the management of our research and development and technological development functions, as well as maintaining relationships with our major customers. Mr. Marcus Pan is the spouse of Ms. Shao Lidan. Mr. Marcus Pan has over 22 years of experience in the aluminium fabrication and distribution industry, including manufacturing processes and sales to various markets within China and abroad. Prior to founding the Group, Mr. Marcus Pan worked for Nanhai Dali Pan Village Smelting Factory between 1988 and 1990 where he took part in the management of the manufacturing processing operation of that company. From 1992 to 1994, he worked as a member of the management team in Guangdong Province Zengcheng Aluminium Alloys Materials Factory ("**Zengcheng Aluminium Alloys**") where he was responsible for the management of the manufacturing processing operation of that company. Since 1997, Mr. Marcus Pan began his family business in the trading of aluminium products and has expanded and diversified his business to include the manufacturing and supply of aluminium products/parts and mid- to high-end integrated aluminium door and window systems under the "OPLV" brand. He started the aluminium trading business in Australia in 1998. As our founder, Mr. Marcus Pan has been instrumental to our development. Mr. Pan graduated from Foshan City Nanhai District Dali Second Junior High School in 1986.

Ms. Shao Lidan ("**Ms. Shao**"), aged 45, was appointed as an executive Director on 18 January 2013. She focuses on human resources matters of our factories in PRC. Ms. Shao is the spouse of Mr. Marcus Pan. She has over 22 years of experience in the aluminium fabrication and distribution industry, and has years of experience in factory management and human resources. In 1992, Ms. Shao worked in Zengcheng Aluminium Alloys, focusing on human resources matters. Since 1997, Ms. Shao has been working with Mr. Marcus Pan in the start up, expansion and diversification of the Group's businesses. Ms. Shao graduated from Zengcheng City Xintang High School in 1986.

Mr. Fung Chi Kong Felix ("**Mr. Fung**"), aged 57, was appointed as an executive Director on 1 October 2013 and responsible for developing international market of the Group. He was an executive Director and deputy chief executive officer of the Group from 1997 to 2011 and was responsible for the management of the Group's international business division and corporate communication division. Mr. Fung resigned as executive Director on his own accord on 1 October 2011 and rejoined the Group in October 2013. Prior to joining the Group, Mr. Fung operated Blossom Base Consultants Limited from 1990 to 1996, and provided management consulting services to various companies in Hong Kong. From 1979 to 1989, Mr. Fung worked in the trade finance department and later the credit department of a renowned bank in Hong Kong and his last position was senior manager. Mr. Fung obtained a Bachelor degree in Business Administration from The Chinese University of Hong Kong in 1992 and a Master of Arts degree in English for the Professions from The Hong Kong Polytechnic University in 2011. Mr. Fung has been a Justice of the Peace in and for the State of New South Wales, Australia, since 2005.

Mr. Lee Hui Fu ("**Mr. Lee**"), aged 50, was appointed as an executive Director on 1 October 2013 and in-charge of the business development in Mainland China, including the Branded OPLV Products business. Mr. Lee has over 15 years of working experience in business and procurement management. Prior to joining the Group, Mr. Lee worked as a production manager of Thermacore Taiwan Inc. from 1996 to 1999, as a factory vice general manager of Nature Worldwide Technology Corp. from 1999 to 2003, as a factory vice general manager of Colortac Technology Co., Ltd. from 2003 to 2004 and as a manager of the procurement division of Foxconn Technology Co., Ltd. from 2004 to 2013. Mr. Lee graduated from the Department of Chemical and Materials Engineering of Chung Cheng Institute of Technology, National Defense University in 1984.

Biographical Details of Directors and Senior Management

Ms. Ng Bonnie Po Ling ("**Ms. Ng**"), aged 39, was appointed as an executive Director on 1 October 2013. Ms. Ng joined the Group as the chief financial officer in 2006 and was the company secretary to the Company from the listing date of the Company's shares on the main board of the Stock Exchange to 1 March 2013. Prior to joining the Group, Ms. Ng worked in PricewaterhouseCoopers for approximately six years since 1998 and served as its audit manager from 2002 to 2004. Ms. Ng worked as an audit manager at RSM Nelson Wheeler and Deloitte Touche Tohmatsu from 2004 to 2006. Ms. Ng obtained her bachelor of commerce degree from the University of Toronto in 1997. Ms. Ng is a member of the American Institute of Certified Public Accountants and Chartered Global Management Accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Independent Non-executive Directors

Mr. Tsang Wah Kwong ("**Mr. Tsang**"), aged 61, was appointed as an independent non-executive Director on 18 January 2013. Mr. Tsang is a former partner of PricewaterhouseCoopers in Hong Kong and PRC and has over 30 years of experience in auditing and providing support for initial public offerings and acquisition transactions. Mr. Tsang is currently an independent director of Agria Corporation, a company listed on the New York Stock Exchange, an independent non-executive director of China Merchants China Direct Investments Limited (stock code: 133), an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd. (stock code: 460), an independent non-executive director of TK Group (Holdings) Limited (stock code: 2283) and an alternate director of PGG Wrightson Limited, a company listed on the New Zealand Stock Exchange. He was a director of PGG Wrightson Limited from November 2011 to December 2012. Mr. Tsang received a bachelor degree in business administration from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.

Mr. Chan Nim Leung Leon ("**Mr. Chan**"), aged 58, was appointed as an independent non-executive Director on 18 January 2013. He is a practising lawyer and presently the principal partner of Messrs. Y. T. Chan & Co., Solicitors. Mr. Chan joined Messrs. Y.T. Chan & Co., Solicitors as an assistant solicitor in 1980 and was the sole proprietor in January 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1984. Mr. Chan received his Postgraduate Degree of Master of Business Administration from Birmingham University in 2012. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to May 2008. Currently he is also a non-executive director of three companies listed on the Stock Exchange, namely Hongkong Chinese Limited (stock code: 655), Lippo China Resources Limited (stock code: 156) and Lippo Limited (stock code: 226) and an independent non-executive director of Midland Holdings Limited (stock code: 1200), a company listed in Hong Kong, as well as the chairman of the supervisory board of The Macau Chinese Bank, S.A., a licensed bank in Macau.

Mr. Wong Yee Shuen Wilson ("**Mr. Wong**"), aged 46, was appointed as an independent non-executive Director on 18 January 2013. Mr. Wong has worked in PricewaterhouseCoopers in Hong Kong and PRC for approximately 12 years since 1991 and served as its senior manager in PRC from July 2001 to February 2004. He also served as a senior manager at Ernst and Young. Mr. Wong was a director of Contel Corporation Limited, a company listed on the Singapore Stock Exchange, from April 2005 to September 2006 and was re-designated as an independent director in October 2006 and held such directorship until July 2011. Since February 2009, he served as a director of Bakerhouse Global Limited, and has also been an independent non-executive director of China Pipe Group Limited (stock code: 380), a company listed on the Stock Exchange. He received his masters of commerce degree in 1994 from the University of New South Wales. He is a member of the Australian Institute of Banking and Finance and Australian Society of Certified Practising Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tse Chiang Kwok Nassar ("**Mr. Tse**"), aged 53, was appointed as an independent non-executive Director on 1 August 2013. Mr. Tse has over 30 years of experience in audit and accounting services. He has been a partner of Tam, Hui, Tse & Ho, Certified Public Accountants, since 1992. Mr. Tse is a fellow member of and holds a Certified Public Accountant (Practising) Certificate issued by The Hong Kong Institute of Certified Public Accountants, and is a fellow member of The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales.

Biographical Details of Directors and Senior Management

Senior Management

Mr. Wong Kwok Wai Eddy, aged 49, has been our general sales manager (China) since 2008 and the marketing director of PanAsia Aluminium (Hong Kong) Limited since 2005, and is mainly responsible for marketing and promoting our products in Hong Kong and PRC. Prior to joining the Group, Mr. Wong was the sales representative of Metalex Limited from June 1991 to January 1994 and the sales manager and general manager of United Aluminium Suppliers Ltd. from February 1994 to December 1998 and January 1999 to March 2005, respectively. Mr. Wong graduated from Hong Kong Tai Tung Middle School in 1984.

Mr. Xing Huimin, aged 43, has been the vice general manager of the production department of PanAsia Aluminium (China) Co., Ltd. since May 2011. He is responsible for the production management of the Group's products. Prior to joining the Group, Mr. Xing worked as the quality control engineer of Hubei Shishou Auto Parts Factory from 1990 to 1992. Mr. Xing was also the factory head of Foxconn Consumer & Computer Products Business Group Painting Factory for over 19 years since September 1992. Mr. Xing graduated from the Fifth Technical School of Hubei Jinzhou in 1990.

Mr. Zhu Guolai, aged 41, has been the market chief operating officer of Guangzhou OPLV Doors and Windows Systems Co., Ltd. ("**Guangzhou OPLV**") since November 2011. Prior to joining the Group, Mr. Zhu worked as a branch office general manager of Sichuan Changhong Electric Co., Ltd., a company listed on the Shanghai Stock Exchange, from 2003 to 2008. He also worked as a sales manager in Guangdong Oppein Home Group Inc. from 2009 to 2011. Mr. Zhu graduated from Beijing Technology and Business University in 1997.

Company Secretary

Ms. Yuen Suk Ching was appointed as the company secretary of the Company ("**Company Secretary**") on 1 March 2013. Ms. Yuen joined the Company in 2012 and is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Yuen has extensive experience in company secretarial practice.

Directors' Report

The Board now presents the annual report and the audited financial statements of the Group for the year under review.

General Information

The Group is principally engaged in the manufacturing and trading of aluminium products. The Company's shares were listed on the main board of the Stock Exchange on 5 February 2013 (the "**Listing Date**").

Results and Distribution

The Board has declared and paid an interim dividend of 20 HK cents per share which was distributed to Shareholders on 27 June 2013 and does not recommend the payment of a final dividend in respect of the year under review.

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

The results of the Group for the year under review are set out in the consolidated statement of comprehensive income on page 39.

Financial Statements

The statements of the results, assets and liabilities of the Group for the year under review is set out on pages 36 to 39.

Reserves

Movements in the reserves of the Group during the year under review is set out on page 40.

Distributable Reserves

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of dividends to the Shareholders subject to the provisions of the Company's articles of associations. With the sanction of an ordinary resolution, dividend may be declared and paid out of share premium account of any other fund or account which can be authorised for this propose. As at 30 September 2013, the Company had distributable reserves amounting to approximately HK$1,006 million (2012: Nil).

Share Capital

Changes in share capital of the Company for the year under review and as at that date are set out in note 15 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company (the "**Articles of Association**") or the laws of Cayman Islands, which would oblige the Company to offer new shares to existing Shareholders on a pro-rata basis.

Directors' Report

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 ("**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 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 Rules Governing the Listing of Securities on the Stock Exchange (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.

Major Suppliers and Customers

During the year under review, the aggregate sales attributable to the Group's five largest customers comprised approximately 81% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 50% of the Group's total sales. The aggregate purchases during the year under review attributable to the Group's five largest suppliers were approximately 59% of the Group's cost of sales and the purchases attributable to the Group's largest supplier were approximately 26% of the Group's cost of sales.

So far as it is known to the Directors, none of the Directors, nor any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

Bank Borrowings

Particulars of bank borrowings of the Group as at 30 September 2013 are set out in note 17 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year under review amounted to approximately HK$1 million (2012: Nil).

Property, Plant and Equipment

During the year under review, the Group held property, plant and equipment of approximately HK$511 million. Details of the movements are set out in note 6 to the consolidated financial statements.

Directors' Report

Purchase, Sale or Redemption of the Company's Shares

The Company conducted the Global Offering of 300,000,000 shares of the Company in January 2013 and raised proceeds of approximately HK$1,105 million. Details of the Global Offering are set out in the Prospectus. Since the Listing Date, the Company has not redeemed any of its listed securities during the year under review. 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 year under review.

Directors

The Directors in office during the year under review and as at the date of this report are:

Executive Directors:

Mr. Marcus Pan (Chairman and CEO)
Ms. Shao Lidan (appointed on 18 January 2013)
Mr. Fung Chi Kong Felix (appointed on 1 October 2013)
Mr. Lee Hui Fu (appointed on 1 October 2013)
Ms. Ng Bonnie Po Ling (Chief Financial Officer) (appointed on 1 October 2013)
Mr. Leung Chi Wing (appointed on 18 January 2013 and resigned on 30 September 2013 but remains as a consultant)

Independent Non-executive Directors:

Mr. Tsang Wah Kwong (appointed on 18 January 2013)
Mr. Chan Nim Leung Leon (appointed on 18 January 2013)
Mr. Wong Yee Shuen Wilson (appointed on 18 January 2013)
Mr. Tse Chiang Kwok Nassar (appointed on 1 August 2013)

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, whereas each of the independent non-executive Directors has entered into a letter of appointment with the Company and is appointed for an initial term of one year.

Directors' Interests in Contracts of Significance

Save as disclosed under the heading "Connected Transactions", there was no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, and subsisted at the end of the year under review or at any time during the year under review save as disclosed under note 32 to the consolidated financial statements.

Directors' Interests in Competing Business

None of the Directors held any interests in any competing business against the Company or any of its subsidiaries for the year under review.

Directors' Rights to Purchase Shares or Debentures

At no time during the year under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Management Contracts

No contracts, other than a contract of service with any Director or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

Directors' Report

Interests and Short Positions of the Directors and Chief Executives of the Company in the Shares, Underlying Shares and Debentures

As at 30 September 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 the 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 Company's 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 30 September 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 Divisions 2 and 3 of Part XV of the SFO:

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

Note:

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.

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.

Directors' Report

Corporate Governance

Please refer to the Corporate Governance Report in this annual report of the Company for the year under review.

Disclosure under Rule 13.20 of the Listing Rules

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

Deed of Non-Competition

Mr. Marcus Pan, Easy Star, Ms. Kuang Shunyou, the mother of Mr. Marcus Pan, Ms. Shao, Mr. Pan Zhaolong and Ms. Pan Xiaoyu, son and daughter of Mr. Marcus Pan and Ms. Shao (the "**Covenantors**") have confirmed to the Company of their compliance with the non-competition undertaking provided to the Company under the deed of non-competition dated 18 January 2013 (the "**Deed of Non-Competition**"). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Covenantors and duly enforced since the Listing Date and up to the date of the annual report.

Events after the Reporting Period

Appointment and Resignation of Executive Directors

Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling were appointed as executive Directors with effect from 1 October 2013.

Mr. Leung Chi Wing resigned his position as executive Director with effect from 1 October 2013.

Investment in Nanyang

On 1 October 2013, the Company entered into an investment agreement with the Wolong District Government, pursuant to which the Group conditionally agreed to invest an aggregate sum of RMB3,000 million (equivalent to HK$3,780 million) at the Nanyang Optoelectronics Industry Cluster Area in Nanyang for the establishment of an aluminium alloy production base. Consequently, a new wholly owned subsidiary of the Company, 榮陽實業(南陽)有限公司, was set up with registered capital of US$148 million on 21 October 2013.

Four-Year Financial Summary

The Company was listed on the main board of the Stock Exchange on 5 February 2013. A summary of the results, assets and liabilities of the Group in the past four years is set out on page 94 of this report.

Connected Transactions

Overview

Following the listing of the shares of the Company on the Stock Exchange on the Listing Date, the transactions between the Group and certain connected persons of the Group became continuing connected transactions. The Company has applied for and the Stock Exchange has granted a waiver from, among others, strict compliance with the announcement requirements in respect of certain continuing connected transactions of the Group. Details of the continuing connected transactions of the Group are as follows:

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

Purchase of packaging materials from Zhanyao Packaging

PanAsia Aluminium (China) Co., Ltd. ("**PanAsia Aluminium (China)**") has been purchasing expandable polyethylene from Foshan Nanhai Zhanyao Packaging Materials Factory ("**Zhanyao Packaging**") as part of the Group's ordinary and usual course of business in its production requirements. Zhanyao Packaging is principally engaged in the manufacturing of packaging materials. As Zhanyao Packaging is owned by Mr. Lin Jinkai, an uncle of Mr. Marcus Pan, Zhanyao Packaging is an associate of Mr. Marcus Pan, our executive Director and controlling shareholder. Transactions between Zhanyao Packaging and PanAsia Aluminium (China) constitute continuing connected transactions for the Company.

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

During the year under review, the amount of packaging materials that the Group has purchased from Zhanyao Packaging amounted to HK$1.5 million, which is within the annual cap of HK$1.5 million set under the Zhanyao Master Agreement.

Purchase of packaging materials from Zhongxing Packaging

PanAsia Aluminium (China) has been purchasing plastic cling wrap from Foshan Nanhai Dali Zhongxing Paper and Plastic Packaging Products Factory ("**Zhongxing Packaging**") as part of the Group's ordinary and usual course of business in its production requirements. Zhongxing Packaging is principally engaged in the manufacturing of plastic packaging materials. As Zhongxing Packaging is owned by Ms. Kuang Shunming, an aunt of Mr. Marcus Pan, Zhongxing Packaging is an associate of Mr. Marcus Pan, our executive Director and controlling shareholder. Transactions between Zhongxing Packaging and PanAsia Aluminium (China) constitute continuing connected transactions for the Company.

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

During the year under review, the amount of packaging materials that the Group has purchased from Zhongxing Packaging amounted to HK$2.8 million, which is within the annual cap of HK$3.3 million set under the Zhongxing Master Agreement.

Supply of products to Rongjin Curtain Wall

PanAsia Aluminium (China) has been supplying aluminium products to Guangzhou Rongjin Curtain Wall Co., Ltd. ("**Rongjin Curtain Wall**") for the curtain wall projects that were undertaken by Rongjin Curtain Wall as part of the ordinary and usual course of business of the Group. Rongjin Curtain Wall is principally engaged in the assembly, fabrication and installation of window systems. As Rongjin Curtain Wall is owned as to 25% by Mr. Pan Xieguang, the father of Mr. Marcus Pan, as to 45% by Mr. Pan Gaolin, the brother-in-law of Mr. Marcus Pan, and as to 30% by Ms. Kuang Shunyou, the mother of Mr. Marcus Pan, Rongjin Curtain Wall is an associate of Mr. Marcus Pan, our executive Director and controlling shareholder. Transactions between Rongjin Curtain Wall and PanAsia Aluminium (China) constitute continuing connected transactions for the Company.

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

During the year under review, the amount of aluminium products sold by the Group to Rongjin Curtain Wall amounted to HK$15.9 million, which is within the annual cap of HK$33.5 million set under the Rongjin Master Agreement.

Confirmations

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that the transactions were entered into:

1. in the ordinary and usual course of business of the Group;

2. under normal commercial terms or not less favourable terms that the Group received from or provided services to an independent third party or obtained goods from an independent third party; and

3. in accordance with the agreements related to the above continuous connected transactions, the terms of which were fair and reasonable and for the overall benefit of the Shareholders.

Based on the work performed, the auditor of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. nothing has come to auditor's attention that causes them to believe that the aforesaid continuing connected transactions have not been approved by the Board.

2. for transactions involving the provision of goods or services by the Group, nothing has come to auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

3. nothing has come to auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

4. with respect to the aggregate amount of each of the aforesaid continuing connected transactions, nothing has come to auditor's attention that causes them to believe that the aforesaid continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus in respect of each of the aforesaid continuing connected transactions.

Employee and Remuneration Policies

As of 30 September 2013, the Group had an aggregate of approximately 4,400 full-time employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to corporate performance, individual performance and current market salary scale. The Group also operates the mandatory provident fund scheme for its Hong Kong staff and participates in the employee social security plan as required by the regulations in the PRC.

Directors' Report

Use of Proceeds from Initial Public Offering

In February 2013, the Group completed its Listing and raised net proceeds of HK$1,105 million. As at 30 September 2013, the Company has used HK$355 million (or 32%) from such proceeds.

The table below sets out the Company's planned use of the net proceeds at the time of Listing, the planned use of the net proceeds adjusted on 1 October 2013, its use of such net proceeds during the year under review and the balance of net proceeds as at 30 September 2013:

	Planned use of proceeds at the time of Listing (HK$ million)	Planned use of proceeds revised on 1 October 2013 (HK$ million)	Amount of net proceeds utilised during the year under review (HK$ million)	Balance of net proceeds as at 30 September 2013 (HK$ million)
Establishment of new production line for the planned manufacture of aluminium cases and stands for integrated desktop computers and expansion of general aluminium extrusion capacity	497.2	530.0	–	530.0
Purchase of additional CNC machining centers for the planned manufacture of aluminium unibody chassis for laptop computers	55.2	78.7	(78.7)	–
Relocation of main plant to a new site	276.3	220.0	–	220.0
Repayment of short-term bank borrowings	221.0	221.0	(221.0)	–
Working capital and other general corporate purposes	55.3	55.3	(55.3)	–
Total	1,105.0	1,105.0	(355.0)	750.0

The Group held the unutilised net proceeds in short-term deposits or time deposits with reputable banks in Hong Kong, Macau and the PRC as at 30 September 2013.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 27 January 2014 to Wednesday, 29 January 2014, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 January 2014, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 January 2014.

Taxation

Shareholders are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owing and disposing of the Company's shares.

Directors' Report

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 four members who are the independent non-executive Directors, namely Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon, Mr. Wong Yee Shuen Wilson and Mr. Tse Chiang Kwok Nassar.

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 financial statements for the year under review and has recommended their adoption to the Board.

Auditors

The consolidated financial statements for the year under review have been audited by PricewaterhouseCoopers. A resolution will be submitted to the forthcoming annual general meeting to seek Shareholders' approval on the re-appointment of PricewaterhouseCoopers as the Company's auditor until the conclusion of the next annual general meeting and to authorise the Board to fix the remuneration of such auditor.

By order of the Board

Marcus Pan
Chairman and CEO

Hong Kong, 16 December 2013

Corporate Governance Report

The Board now presents this Corporate Governance Report in the Group's annual report for the year under review.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance practices to enhance Shareholders' value and safeguard Shareholders' interests. The Group's corporate governance principles emphasise the importance of a quality Board, effective internal controls and accountability to all the Shareholders.

In the opinion of the Directors, save for the deviation as disclosed in this section, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the period from the Listing Date to 30 September 2013.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The Board of Directors

Responsibilities

The Board is responsible for overseeing the overall development of the Company's business with the objective of enhancing Shareholders' value including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance and developing and reviewing the Group's policies and practices on corporate governance. The Board has delegated to the chief executive officer, of which the Directors also undertake, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Board Composition

As at the date of this report, the Board comprises nine members in total, with five executive Directors, and four independent non-executive Directors.

The composition of the Board during the year under review and up to the date of this report is set out below:

Executive Directors

Mr. Marcus Pan (Chairman and CEO)
Ms. Shao Lidan (Appointed on 18 January 2013)
Mr. Fung Chi Kong Felix (Appointed on 1 October 2013)
Mr. Lee Hui Fu (Appointed on 1 October 2013)
Ms. Ng Bonnie Po Ling (Chief Financial Officer) (Appointed on 1 October 2013)
Mr. Leung Chi Wing (Resigned as Director on 30 September 2013 but remains as a consultant)

Independent Non-executive Directors

Mr. Chan Nim Leung Leon (Appointed on 18 January 2013)
Mr. Tsang Wah Kwong (Appointed on 18 January 2013)
Mr. Wong Yee Shuen Wilson (Appointed on 18 January 2013)
Mr. Tse Chiang Kwok Nassar (Appointed on 1 August 2013)

Corporate Governance Report

The biographical details of the current Board members are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 12 to 14 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

From the Listing Date to 30 September 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive Directors represented over one-third of the Board.

The Company has received written confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the year under review, the Company has not separated the roles of chairman and chief executive officer of the Company and Mr. Marcus Pan was the chairman and also the chief executive officer of the Company responsible for overseeing the operations of the Group during such period. Due to the nature and the extent of the Group's operations and Mr. Marcus Pan's in-depth knowledge and experience in the industry and his familiarity with the operations of the Group, the Company considers that it is not preferable to find an alternative candidate to replace Mr. Marcus Pan and serve at either of the positions at this stage. The Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of Appendix 14 of the Listing Rules as and when necessary.

Appointment and Re-election of Directors

Each of the executive Directors is engaged on a service contract for a term of three years, and the appointment may be terminated by not less than three months' written notice; while each of the independent non-executive Directors is engaged on a service contract for a term of one year. The appointment may be terminated by not less than three months' written notice.

In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Corporate Governance Report

Directors' training

Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed Director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements. The Group also provided briefings and other training to develop and refresh the Director' knowledge and skills from time to time. Further, the Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year under review, there were 2 in-house seminars conducted covering the topics of directors' duties, corporate governance practices and disclosure requirements under the Listing Rules and SFO.

Details regarding the trainings attended by the Directors during the year under review are as follow:

Directors	Attendance/Number of In-house seminars
Executive Directors	
Mr. Marcus Pan	2/2
Ms. Shao Lidan	2/2
Mr. Leung Chi Wing	2/2
Independent Non-executive Directors	
Mr. Tsang Wah Kwong	2/2
Mr. Chan Nim Leung Leon	2/2
Mr. Wong Yee Shuen Wilson	2/2
Mr. Tse Chiang Kwok Nassar	1/1

Note: Mr. Tse Chiang Kwok Nassar was appointed on 1 August 2013 and Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling were appointed after 30 September 2013.

Model code for securities transactions

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 confirmed that they have complied with the Model Code provisions since the Listing Date.

Board meetings

Board practices and conduct of meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management, including chief executive officer, chief financial officer and Company Secretary, attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

During the year under review, four formal Board meetings were held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. For the individual attendance record of the Directors at the formal Board meetings, please refer to the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Delegation by the Board

The Board undertakes responsibility for decision making in major Company matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers. The Board also has the full support of the chief executive officer and the senior management for the discharge of its responsibilities.

Corporate Governance Report

Board Committees

As an integral part of sound corporate governance practices, the Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are available to Shareholders on the Company's website. Each of the Nomination Committee, Remuneration Committee and Audit Committee is provided with sufficient resources to discharge their duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Nomination Committee

The Nomination Committee comprises five members, namely Mr. Marcus Pan, Mr. Chan Nim Leung Leon, Mr. Tsang Wah Kwong, Mr. Wong Yee Shuen Wilson and Mr. Tse Chiang Kwok Nassar, the majority of which are independent non-executive Directors, with Mr. Marcus Pan acting as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

During the year under review, the Nomination Committee was primarily responsible:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors and, in particular, the chairman and the chief executive officer of the Company;
- to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and
- to make disclosure of its review results in the annual report of the Company annually.

The Nomination Committee will meet at least once per year according to its terms of reference. One Nomination Committee meeting was held during the year under review. For the individual attendance record of the Directors at the meeting of Nomination Committee, please refer to the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Remuneration Committee

The Remuneration Committee comprises five members, namely Mr. Chan Nim Leung Leon, Mr. Tsang Wah Kwong, Mr. Wong Yee Shuen Wilson, Mr. Marcus Pan and Mr. Tse Chiang Kwok Nassar, the majority of which are independent non-executive Directors, with Mr. Chan Nim Leung Leon acting as the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the provisions of the CG Code. Pursuant to code provision B.1.3 of the CG Code, the Remuneration Committee would make available its terms of reference, explaining its role and the authority delegated to it by the Board.

During the year under review, the Remuneration Committee was primarily responsible:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policies on all such remunerations;

- to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management members of the Company or to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;

- to make recommendations to the Board on the remuneration of non-executive Directors;

- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- to review and approve compensation payable to executive Directors and senior management members of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and

- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the year under review. For the individual attendance record of the Directors at the meetings of Remuneration Committee, please refer to the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Audit Committee

The Audit Committee comprises four members, namely Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon, Mr. Wong Yee Shuen Wilson and Mr. Tse Chiang Kwok Nassar, all of whom are independent non-executive Directors, with Mr. Tsang Wah Kwong acting as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system and to provide advice and comments to the Board.

During the year under review, the Audit Committee was primarily responsible:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that external auditor;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to develop and implement policy on the engagement of an external auditor to supply non-audit services;

- to monitor integrity of financial statements of the Company and the Company's annual report and accounts and half-year reports and to review significant financial reporting judgments contained in them;

- to review the Company's financial controls, internal control and risk management systems;

- to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;

- to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- to review the Group's financial and accounting policies and practices; and

- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised.

The Audit Committee held two meetings during the year under review. For the individual attendance record of the Directors at the meetings of Audit Committee, please refer to the paragraph headed "Attendance Records of Board and Committee Meetings" of this Corporate Governance Report.

Corporate Governance Report

Corporate governance functions

During the year under review, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

Attendance Records of Board and Committee Meetings

The attendance records of each Director at the Board, Nomination Committee, Remuneration Committee and Audit Committee meetings for the year under review are set out below:

	Attendance/Number of Meetings			
Name of Director	Board Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Audit Committee Meetings
Executive Directors				
Mr. Marcus Pan	4/4	1/1	2/2	N/A
Ms. Shao Lidan	4/4	N/A	N/A	N/A
Mr. Leung Chi Wing	4/4	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Tsang Wah Kwong	4/4	1/1	2/2	2/2
Mr. Chan Nim Leung Leon	4/4	1/1	2/2	2/2
Mr. Wong Yee Shuen Wilson	4/4	1/1	2/2	2/2
Mr. Tse Chiang Kwok Nassar	1/1	1/1	1/1	N/A

For the year under review, apart from the meetings of the Board, Nomination Committee, Remuneration Committee and Audit Committee, consent/approval from the Board and Board committees had also been obtained by written resolutions on a number of matters.

During the year under review, the Chairman of the Company has held a meeting with independent non-executive Directors without the presence of the executive Directors.

The forthcoming annual general meeting to be held on 29 January 2014 will be the first general meeting of the Company from the Listing Date.

Note: Mr. Tse Chiang Kwok Nassar was appointed on 1 August 2013 and Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling were appointed after 30 September 2013.

Corporate Governance Report

Company Secretary

Ms. Ng Bonnie Po Ling was appointed as the Company Secretary from the Listing Date to 1 March 2013.

Ms. Yuen Suk Ching, the Company Secretary, was appointed by the Board on 1 March 2013. Since the date of appointment as the Company Secretary till 30 September 2013, Ms. Yuen has taken not less than 15 hours of appropriate professional training as required under Rule 3.29 of the Listing Rules.

Accountability and Audit

Directors' responsibilities for financial reporting in respect of financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year under review.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management of the Company has provided to the Board such explanation and information necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Internal controls

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, training programmes, budget and qualifications and experience of staff of the Company's accounting and financial reporting function.

The Board is responsible for maintaining an adequate internal control system to safeguard Shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

External auditor and auditor's remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on page 35.

During the year under review, the remuneration paid/payable to the Company's external auditor, Messrs PricewaterhouseCoopers, is set out below:

Type of Services	Fees Paid/ Payable (HK$'000)
Audit Services	
– Audit of interim and annual financial statements	4,300
Non-Audit Services	
– Tax advisory	270
– Others	613
Total	5,183

Shareholders' Rights

Convening an extraordinary general meeting by Shareholders

Procedures for Shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at an extraordinary general meeting.

- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at an extraordinary general meeting must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned.

- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles of Associations, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to paal@palum.com.

Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company will provide a forum for communication between the Board and the shareholders face-to-face dialogue with the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committees, will be available to answer questions at shareholders' meetings.

The annual general meeting regarding the financial results for the year under review ("**AGM**") will be held on 29 January 2014. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

Investor Relations

Amendments to the articles of association of the Company

The adoption of the Articles of Association by the sole shareholder of the Company on 18 January 2013 which comply with the requirements of Appendix 3 and Appendix 13B of the Listing Rules. The major terms of the Articles of Association are summarised in Appendix V to the Prospectus.

Investors communication policy

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at www.palum.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted are available for public access. During the year under review, the Directors and senior management of the Company participated in numerous road shows and investment conferences. In addition, the Company issued several news releases to the media during the year under review.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	+852 2972 2028
By post:	1802A, Tower 5, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Attention:	the Company Secretary
By email:	paal@palum.com

Disclaimer

The contents of this section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. Shareholders should seek their own independent legal or other professional advice as to their rights as Shareholders. The Company disclaims all liabilities and losses incurred by its Shareholders in reliance on any contents of this section headed "Shareholders' Rights".

Independent Auditor's Report

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

We have audited the consolidated financial statements of PanAsialum Holdings Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 36 to 93, which comprise the consolidated and company statements of financial position as at 30 September 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2013, and of the Group's profit and cash flows for the year then ended 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, 16 December 2013

Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	**2013 HK$'000**	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**511,478**	399,637
Land use rights	*7*	**9,326**	9,356
Deposits and lease prepayments		**1,778**	1,847
Prepayments for property, plant and equipment		**3,485**	9,956
Capital guaranteed fund	*9*	**–**	4,482
Derivative financial instruments	*9, 13*	**–**	474
		526,067	425,752
Current assets			
Inventories	*11*	**329,189**	208,283
Trade receivables	*12*	**703,145**	813,637
Prepayments, deposits and other receivables	*12*	**168,778**	112,696
Due from a related company	*10*	**3,385**	7,938
Capital guaranteed fund	*9*	**4,517**	–
Derivative financial instruments	*9, 13*	**651**	–
Pledged bank deposits	*14*	**21,531**	21,531
Fixed bank deposits	*14*	**300,000**	–
Cash and cash equivalents	*14*	**498,694**	143,303
		2,029,890	1,307,388
Total assets		**2,555,957**	1,733,140
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*15*	**120,000**	–
Reserves	*16*	**1,672,754**	735,955
Total equity		**1,792,754**	735,955

Consolidated Statement of Financial Position

As at 30 September 2013

	Notes	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Obligations under finance leases – non-current portion	18	988	–
		988	–
Current liabilities			
Trade payables	19	103,155	105,067
Other payables and accrued charges	19	149,627	146,039
Derivative financial instruments	13	3,549	340
Borrowings	17	499,368	602,084
Obligations under finance leases – current portion	18	283	409
Dividends payable		2	86,000
Current income tax liabilities		6,231	57,246
		762,215	997,185
Total liabilities		763,203	997,185
Total equity and liabilities		2,555,957	1,733,140
Net current assets		1,267,675	310,203
Total assets less current liabilities		1,793,742	735,955

The consolidated financial statements on pages 36 to 93 were approved by the Board of Directors on 16 December 2013 and were signed on its behalf.

Marcus Pan
Director

Shao Lidan
Director

The notes on pages 42 to 93 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 30 September 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	20	828,317	–
Current assets			
Due from a subsidiary	20	1,125,952	–
Cash and cash equivalents	14	201	–
		1,126,153	–
Total assets		1,954,470	–
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	120,000	–
Reserves/(accumulated losses)	16	1,834,445	(402)
Total equity/(equity holder's deficit)		1,954,445	(402)
LIABILITIES			
Current liabilities			
Accrued charges	19	23	7
Due to a fellow subsidiary	20	–	395
Dividend payable		2	–
		25	402
Total liabilities		25	402
Total equity and liabilities		1,954,470	–
Net current assets/(liabilities)		1,126,128	(402)
Total assets less current liabilities		1,954,445	(402)

The consolidated financial statements on pages 36 to 93 were approved by the Board of Directors on 16 December 2013 and were signed on its behalf.

Marcus Pan
Director

Shao Lidan
Director

The notes on pages 42 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2013

	Notes	**2013 HK$'000**	2012 HK$'000
Revenue	*5*	**2,583,735**	2,436,995
Cost of sales	*21*	**(1,985,040)**	(1,822,114)
Gross profit		**598,695**	614,881
Distribution and selling expenses	*21*	**(99,799)**	(102,630)
Administrative expenses	*21*	**(262,868)**	(138,703)
Other income	*24*	**1,938**	4,013
Other (losses)/gains – net	*25*	**(37,381)**	27,233
Operating profit		**200,585**	404,794
Finance income	*26*	**1,516**	209
Finance costs	*26*	**(22,401)**	(25,689)
Finance costs – net	*26*	**(20,885)**	(25,480)
Profit before income tax		**179,700**	379,314
Income tax credit/(expense)	*27*	**33,831**	(22,226)
Profit attributable to equity holders of the Company		**213,531**	357,088
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**12,259**	487
Total comprehensive income attributable to equity holders of the Company		**225,790**	357,575
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	*29*	**19**	40
Dividends	*28*	**290,000**	260,000

The notes on pages 42 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 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 2011	–	–	39,023	599,357	638,380
Profit for the year	–	–	–	357,088	357,088
Other comprehensive income:					
Currency translation differences	–	–	487	–	487
Total comprehensive income for the year	–	–	487	357,088	357,575
Transactions with owners:					
Transfer to statutory reserves	–	–	3,535	(3,535)	–
Dividends paid *(Note 28)*	–	–	–	(260,000)	(260,000)
Total transactions with owners	–	–	3,535	(263,535)	(260,000)
Balance at 30 September 2012	–	–	43,045	692,910	735,955
Balance at 1 October 2012	**–**	**–**	**43,045**	**692,910**	**735,955**
Profit for the year	**–**	**–**	**–**	**213,531**	**213,531**
Other comprehensive income:					
Currency translation differences	**–**	**–**	**12,259**	**–**	**12,259**
Total comprehensive income for the year	**–**	**–**	**12,259**	**213,531**	**225,790**
Transactions with owners:					
Proceeds from shares issued *(Notes 15 and 16)*	**120,000**	**1,001,009**	**–**	**–**	**1,121,009**
Transfer to statutory reserves	**–**	**–**	**6,173**	**(6,173)**	**–**
Dividends paid *(Note 28)*	**–**	**–**	**–**	**(290,000)**	**(290,000)**
Total transactions with owners	**120,000**	**1,001,009**	**6,173**	**(296,173)**	**831,009**
Balance at 30 September 2013	**120,000**	**1,001,009**	**61,477**	**610,268**	**1,792,754**

The notes on pages 42 to 93 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 September 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	*30(a)*	**203,574**	194,509
Interest paid		**(22,401)**	(25,689)
Income tax paid		**(23,470)**	(6,723)
Net cash generated from operating activities		**157,703**	162,097
Cash flows from investing activities			
Purchase of property, plant and equipment and construction in progress		**(147,113)**	(244,267)
Decrease in deposits for property, plant and equipment		**6,471**	160
Proceeds from sale of property, plant and equipment		**48**	785
Increase in fixed bank deposits		**(300,000)**	–
Interest received		**1,481**	209
Net cash used in investing activities		**(439,113)**	(243,113)
Cash flows from financing activities			
Dividends paid		**(375,998)**	(174,000)
Proceeds from borrowings		**1,543,382**	1,416,013
Repayments of borrowings		**(1,652,096)**	(1,128,380)
Payment of finance lease liabilities	*30(b)*	**(644)**	(1,466)
Proceeds from issuance of ordinary shares		**1,121,009**	–
Net cash generated from financing activities		**635,653**	112,167
Net increase in cash and cash equivalents		**354,243**	31,151
Cash and cash equivalents at beginning of the year		**143,303**	111,352
Exchange gains on cash and cash equivalents		**1,148**	800
Cash and cash equivalents at end of the year	*14*	**498,694**	143,303

The notes on pages 42 to 93 are an integral part of these consolidated financial statements.

Notes to the Consolidated 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, P.O. 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 financial statements are presented in Hong Kong Dollar "HK$" or "HKD", unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 December 2013.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

(a) *Amended standards adopted by the Group*

The Group has adopted the following amendments to standards that have been issued and are effective for the Group's financial year commencing on 1 October 2012:

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 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)*

(b) *New and amended standards not yet adopted*

The following new and amendments to standards have been issued, but not effective for the financial year 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
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HK(IFRIC)-Int 21	Levies	1 January 2014
Amendment to HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
Amendment to HKAS 39	Novation of derivatives and continuation of hedge accounting	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

The Group has already commenced an assessment of the impact of the above new and amendments to standards but is not yet in a position to state whether these new 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 and expected to have a material impact on the Group.

2 Summary of Significant Accounting Policies *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

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. Profits 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.

(a) Business combinations

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2 Summary of Significant Accounting Policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions–that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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 year ended 30 September 2013.

(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.

2.4 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 financial statements are presented in HKD, which is the Company's functional and the Company's and the Group's presentation currency.

2 Summary of Significant Accounting Policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "other (losses)/gains – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(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 statement of financial position presented are translated at the closing rate at the end of the reporting date;

– 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.

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 depreciation and 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 statement of comprehensive income during the financial period in which they are incurred.

2 Summary of Significant Accounting Policies *(Continued)*

2.6 Property, plant and equipment *(Continued)*

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

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' residual values and useful lives 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 statement 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.

(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. Derivatives are also categorised as held for trading unless they are designed as hedges. 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).

2 Summary of Significant Accounting Policies *(Continued)*

2.8 Financial assets *(Continued)*

Classification (Continued)

(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 statement of financial position (Notes 2.13 and 2.14).

Recognition and measurement

Regular way of purchases and sales of financial assets are recognised on trade-date – 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 statement 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 statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position 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 a 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 Summary of Significant Accounting Policies *(Continued)*

2.10 Impairment of financial assets carried at amortised cost *(Continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 statement 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 statement 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 re-measured 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 statement of comprehensive income within "other (losses)/gains – net".

2.12 Inventories

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

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.

2 Summary of Significant Accounting Policies *(Continued)*

2.13 Trade and other receivables *(Continued)*

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 statement 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 statement of comprehensive income.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, 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, net of tax, 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 statement of comprehensive income within "finance costs" over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

2 Summary of Significant Accounting Policies *(Continued)*

2.16 Borrowings *(Continued)*

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.

2.17 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.

(a) Current income tax

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.

2 Summary of Significant Accounting Policies *(Continued)*

2.19 Current and deferred income tax *(Continued)*

(b) *Deferred income tax*

Inside basis difference

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.

Outside basis difference

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.

(c) *Offsetting*

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.

2.20 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 Summary of Significant Accounting Policies *(Continued)*

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.

(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.

Each lease payment is allocated between the liability and finance charges. 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 statement 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 Summary of Significant Accounting Policies *(Continued)*

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 statement 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**"), 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.

3 Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

For companies with HKD as their functional currency

As HKD 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 HKD as functional currency.

As of 30 September 2013, if AUD had weakened/strengthened by 10% against HKD with all other variables held constant, post-tax profit for the year ended 30 September 2013 would have been approximately HK$510,000 (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 30 September 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 HKD as functional currency (2012: Same).

For companies with RMB as their functional currency

As at 30 September 2013, if USD had weakened/strengthened by 10% against RMB with all other variables held constant, post-tax profit for the year ended 30 September 2013 would have been HK$9,717,000 (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 30 September 2013, there were no significant assets and liabilities denominated in HKD/AUD, and hence there was no significant foreign currency risk with respect to HKD/AUD to group companies which have RMB as functional currency (2012: Same).

For companies with USD as their functional currency

As at 30 September 2013, if AUD had weakened/strengthened by 10% against USD with all other variables held constant, post-tax profit for the year ended 30 September 2013 would have been HK$32,698,000 (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 30 September 2013, there were no significant assets and liabilities denominated in HKD/RMB, and hence there was no significant foreign currency risk with respect to HKD/RMB to group companies which have USD as functional currency (2012: Same).

3 Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Commodity price risk on aluminium

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.

The Group uses its futures contracts traded on the Shanghai Futures Exchange to reduce its risks arising from fluctuations in aluminium price. The outstanding balances of future contracts entered as at 30 September 2013 are disclosed in Note 13.

The following commodity price sensitivity is calculated based on the outstanding aluminium future contracts of the Group as at 30 September 2013, assuming 10% shift of the future contract price is as follows:

	2013 **HK$'000**	2012 HK$'000
Profit increase as future contract price increase	**39,120**	–

A 10% decrease in future contract prices of aluminium would have had the equal but opposite effect on the above aluminium future contracts to the amounts shown above, on the basis that all other variables remain constant.

(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.

As at 30 September 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 year ended 30 September 2013 would have been HK$801,000 higher/lower, mainly as a result of higher/lower interest income on pledged bank deposits and cash and cash equivalents (2012: post-tax profit would have been HK$1,094,000 lower/higher, mainly as a result of higher/lower interest expense on variable rate borrowings).

3 Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(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.

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 92% of its total trade receivables as at 30 September 2013 (2012: 94%). As at 30 September 2013, one of these two largest trade debtors is the subsidiaries that the Group disposed of in May 2009 and December 2009 (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.

Notes to the Consolidated Financial Statements

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 30 September 2013				
Term loans	**133,643**	**–**	**–**	**133,643**
Other bank loans	**365,725**	**–**	**–**	**365,725**
Trade and other payables	**252,782**	**–**	**–**	**252,782**
Obligations under finance leases	**283**	**299**	**689**	**1,271**
Interest payments on term loans	**32,331**	**–**	**–**	**32,331**
Interest payments on other bank loans	**11,814**	**–**	**–**	**11,814**
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

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 30 September 2013				
Term loans subject to a repayment on demand clause	**59,958**	**50,042**	**23,643**	**133,643**
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 30 September 2013 and 2012 were as follows:

	2013 **HK$'000**	2012 HK$'000
Total borrowings *(Notes 17 and 18)*	**500,639**	602,493
Total equity	**1,792,754**	735,955
Gearing ratio	**27.9%**	81.9%

The decrease in the gearing ratio as at 30 September 2013 was the result of increase in equity upon the issuance of ordinary shares.

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).

3 Financial Risk Management *(Continued)*

3.3 Fair value estimation *(Continued)*

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

At 30 September 2013

Group	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Equity-index embedded derivatives	–	651	–	651
Liabilities				
Forward foreign exchange contracts	–	(827)	–	(827)
Aluminium futures contracts	(2,722)	–	–	(2,722)

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.

The carrying amount and impairment of trade receivables are 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.

5 Segment Information *(Continued)*

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

The segment information for the operating segments for the year ended 30 September 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	**1,320,303**	**323,756**	**939,676**	**2,583,735**
Cost of sales	**(955,729)**	**(260,881)**	**(768,430)**	**(1,985,040)**
Segment gross profit	**364,574**	**62,875**	**171,246**	**598,695**
Unallocated operating costs				**(362,667)**
Other income				**1,938**
Other losses – net				**(37,381)**
Finance costs – net				**(20,885)**
Profit before income tax				**179,700**

The segment information for the operating segments for the year ended 30 September 2012 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	1,143,528	258,199	1,035,268	2,436,995
Cost of sales	(825,970)	(199,631)	(796,513)	(1,822,114)
Segment gross profit	317,558	58,568	238,755	614,881
Unallocated operating costs				(241,333)
Other income				4,013
Other gains – net				27,233
Finance costs – net				(25,480)
Profit before income tax				379,314

5 Segment Information *(Continued)*

The analysis of the Group's revenue and gross profit from external customers attributed to the locations in which the sales originated during the years ended 30 September 2013 and 2012 consists of the following:

	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	**1,707,535**	**740,466**	**24,370**	**67,272**	**44,092**	**2,583,735**
Cost of sales	**(1,273,984)**	**(584,469)**	**(23,516)**	**(59,227)**	**(43,844)**	**(1,985,040)**
Gross profit	**433,551**	**155,997**	**854**	**8,045**	**248**	**598,695**

	2012					
	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	1,530,097	732,832	50,489	71,102	52,475	2,436,995
Cost of sales	(1,143,881)	(525,730)	(47,380)	(54,515)	(50,608)	(1,822,114)
Gross profit	386,216	207,102	3,109	16,587	1,867	614,881

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

	2013 HK$'000	2012 HK$'000
Customer A	**1,288,990**	1,113,037
Customer B	**637,050**	608,735

The geographical locations 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 is as follows:

	2013 HK$'000	2012 HK$'000
The PRC	**522,064**	417,336
Hong Kong	**3,851**	3,375
Other countries	**152**	85
	526,067	420,796

Notes to the Consolidated Financial Statements

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 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 *(Note 30(c))*	–	(1,892)	(391)	–	(263)	–	(2,546)
Depreciation *(Note 21)*	(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
Year ended 30 September 2013							
Opening net book amount	**29,127**	**353,207**	**7,691**	**585**	**6,688**	**2,339**	**399,637**
Exchange differences	**773**	**9,702**	**139**	**27**	**185**	**119**	**10,945**
Additions	**47**	**131,024**	**2,821**	**1,180**	**4,725**	**17,752**	**157,549**
Transfers	**–**	**11,007**	**–**	**–**	**–**	**(11,007)**	**–**
Disposals *(Note 30(c))*	**–**	**(2,053)**	**(123)**	**–**	**(73)**	**–**	**(2,249)**
Depreciation *(Note 21)*	**(2,702)**	**(45,998)**	**(3,344)**	**(217)**	**(2,143)**	**–**	**(54,404)**
Closing net book amount	**27,245**	**456,889**	**7,184**	**1,575**	**9,382**	**9,203**	**511,478**
At 30 September 2013							
Cost	**46,554**	**653,635**	**18,553**	**2,542**	**16,819**	**9,203**	**747,306**
Accumulated depreciation	**(19,309)**	**(196,746)**	**(11,369)**	**(967)**	**(7,437)**	**–**	**(235,828)**
Net book amount	**27,245**	**456,889**	**7,184**	**1,575**	**9,382**	**9,203**	**511,478**

6 Property, Plant and Equipment *(Continued)*

As at 30 September 2013, the net book value of buildings pledged as securities for the Group's banking facilities was HK$27,245,000 (2012: HK$29,127,000) (Note 17).

As at 30 September 2013, the net book value of motor vehicles held by the Group under finance leases was HK$1,356,000 (2012: HK$606,000). As at 30 September 2013, no plant and machinery was held by the Group under finance leases (2012: HK$1,485,000).

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

	2013 HK$'000	2012 HK$'000
Cost of sales	**50,129**	46,545
Administrative expenses	**4,275**	3,198
	54,404	49,743

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:

	2013 HK$'000	2012 HK$'000
The PRC, held on leases of between 10 to 50 years	**9,326**	9,356

As at 30 September 2013, land use rights with net book value of HK$9,326,000 were pledged as securities for the Group's bank borrowings (2012: HK$9,356,000) (Note 17).

	2013 HK$'000	2012 HK$'000
Opening net book amount	**9,356**	9,572
Amortisation for the year *(Note 21)*	**(231)**	(292)
Exchange differences	**201**	76
Closing net book amount	**9,326**	9,356

Amortisation expense has been charged to "administrative expenses" in the consolidated statement 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 statement of financial position			
30 September 2013			
Trade receivables *(Note 12)*	**703,145**	**–**	**703,145**
Deposits and other receivables *(Note 12)*	**77,619**	**–**	**77,619**
Due from a related company *(Note 10)*	**3,385**	**–**	**3,385**
Capital guaranteed fund and derivative financial instruments *(Notes 9 and 13)*	**4,517**	**651**	**5,168**
Pledged bank deposits *(Note 14)*	**21,531**	**–**	**21,531**
Fixed bank deposits *(Note 14)*	**300,000**	**–**	**300,000**
Cash and cash equivalents *(Note 14)*	**498,694**	**–**	**498,694**
Total	**1,608,891**	**651**	**1,609,542**
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 statement of financial position			
30 September 2013			
Trade payables *(Note 19)*	**–**	**103,155**	**103,155**
Other payables and accrued charges *(Note 19)*	**–**	**149,627**	**149,627**
Derivative financial instruments *(Note 13)*	**3,549**	**–**	**3,549**
Borrowings *(Note 17)*	**–**	**499,368**	**499,368**
Obligations under finance leases *(Note 18)*	**–**	**1,271**	**1,271**
Dividends payable	**–**	**2**	**2**
Total	**3,549**	**753,423**	**756,972**
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	
	2013	2012
	HK$'000	HK$'000
Assets as per statement of financial position		
Due from a subsidiary	**1,125,952**	–
Cash and cash equivalents	**201**	–
	1,126,153	–

	Financial liabilities at amortised cost	
	2013	2012
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Accrued charges	**23**	7
Due to a fellow subsidiary	**–**	395
Dividends payable	**2**	–

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 30 September 2013, the fund will mature on 11 December 2013 (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

	2013 HK$'000	2012 HK$'000
Raw materials	**124,062**	96,906
Work-in-progress	**109,346**	50,996
Finished goods	**95,781**	60,381
Total inventories	**329,189**	208,283

The cost of inventories recognised as an expense and included in "cost of sales" amounted to HK$1,951,351,000 for the year ended 30 September 2013 (2012: HK$1,791,608,000).

12 Trade Receivables, Prepayments, Deposits and Other Receivables

	2013 HK$'000	2012 HK$'000
Trade receivables	**703,145**	813,637
Less: provision for impairment of receivables	**–**	–
Trade receivables – net	**703,145**	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. The Group does not hold any collateral as security.

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

	2013 HK$'000	2012 HK$'000
Current	**434,100**	566,812
1 – 30 days	**83,338**	75,569
31 – 60 days	**58,192**	31,502
61 – 90 days	**77,139**	47,912
91 – 180 days	**50,165**	83,344
181 days – 1 year	**211**	8,498
	703,145	813,637
Less: provision for impairment of receivables	**–**	–
	703,145	813,637

As at 30 September 2013, receivables of HK$434,100,000 were neither past due nor impaired (2012: HK$566,812,000). These receivables relate to customers for whom there is no recent history of default.

12 Trade Receivables, Prepayments, Deposits and Other Receivables *(Continued)*

As at 30 September 2013, trade receivables of HK$269,045,000 were past due but not impaired (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 30 September 2013 (2012: Same).

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK$180,080,000 to bank in exchange for cash as at 30 September 2013 (2012: HK$212,523,000). The transactions have been accounted for as collateralised borrowings (Note 17).

As at 30 September 2013, all trade receivables were non-interest bearing (2012: Same).

As at 30 September 2013, the carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
AUD	**342,941**	366,703
RMB	**138,954**	176,513
USD	**210,863**	262,182
HKD	**10,387**	8,239
	703,145	813,637

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

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

	2013 HK$'000	2012 HK$'000
Prepayment to suppliers for purchases of materials	**85,664**	85,761
Deposits placed for purchase of materials *(Note)*	**51,806**	–
Others	**31,308**	26,935
	168,778	112,696

Note: The balance represents deposits placed with an institution to secure the Group's margin accounts for the purchase of aluminium, of which HK$50,254,000 was restricted for the purchase of aluminium as at 30 September 2013 (2012: Nil). The deposits are non-interest bearing.

The other classes within trade and other receivables do not contain impaired assets.

13 Derivative Financial Instruments

Assets

	2013 HK$'000	2012 HK$'000
Current portion		
Unlisted equity-index embedded derivative *(Note a)*	**651**	–
Non-current portion		
Unlisted equity-index embedded derivative *(Note a)*	**–**	474
	651	474

Liabilities

	2013 HK$'000	2012 HK$'000
Current portion		
Foreign exchange forward contracts – held for trading *(Note b)*	**(827)**	(340)
Aluminium futures contracts – held for trading *(Note c)*	**(2,722)**	–
	(3,549)	(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 year ended 30 September 2013, a fair value gain of HK$177,000 (2012: HK$131,000) was recognised as "other (losses)/gains – net" in the consolidated statement 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 HKD and the notional principal amounts of the outstanding foreign exchange forward contracts as at 30 September 2013 were AUD12,000,000 (2012: AUD13,000,000). For the year ended 30 September 2013, a loss of HK$827,000 due to the change in fair value was recognised as "other (losses)/gains – net" in the consolidated statement of comprehensive income (2012: HK$340,000).

13 Derivative Financial Instruments *(Continued)*

(c) Aluminium futures contracts

During the year ended 30 September 2013, the Group entered into aluminium future contracts in order to manage its exposure to the price risk of aluminium. The notional contract value outstanding as at 30 September 2013 and the related terms are summarised as below:

	2013 HK$'000	2012 HK$'000
Purchase contracts		
Volume (tonne)	**21,990**	–
Market value	**396,095**	–
Notional contract value	**398,817**	–
Fair value	**(2,722)**	–
Contract maturity date	**From December 2013 to April 2014**	–

The market value of future contracts is based on quoted market price at the end of reporting period. The net unrealised holding losses on futures contracts remeasured at fair value was HK$2,689,000 as at 30 September 2013 (2012: Nil) and the changes in fair value were recognised in profit or loss.

14 Cash and Cash Equivalents and Pledged Bank Deposits

	Group		**Company**	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Cash in hand	**1,506**	2,251	**–**	–
Cash at bank	**497,188**	141,052	**201**	–
Cash and cash equivalents	**498,694**	143,303	**201**	–
Fixed bank deposits	**300,000**	–	**–**	–
Pledged bank deposits – Current	**21,531**	21,531	**–**	–
	820,225	164,834	**201**	–
Maximum exposure to credit risk	**818,719**	162,583	**201**	–

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

As at 30 September 2013, the effective interest rate on fixed and bank deposits was 0.46% per annum (2012: 0.81%). These deposits have an average maturity of 170 days (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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HKD	**533,079**	62,926	**201**	–
AUD	**8,047**	4,605	**–**	–
RMB	**79,419**	38,652	**–**	–
USD	**199,635**	58,630	**–**	–
Canadian dollars	**3**	3	**–**	–
Macao pataca	**42**	18	**–**	–
	820,225	164,834	**201**	–

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 30 September	**1,200,000,000**	**120,000**	1	–

15 Share Capital *(Continued)*

Group and Company *(Continued)*

Notes:

(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 debiting 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 debit 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$117,991,000 was credited to "share premium" with amount of HK$1,091,009,000 (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 year	–	–	–	213,531	–	213,531
Other comprehensive income:						
Currency translation differences	–	12,259	–	–	–	12,259
Total comprehensive income for the year	–	12,259	–	213,531	–	225,790
Transactions with owners:						
Transfer to statutory reserves *(Note)*	–	–	6,173	(6,173)	–	–
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))*	1,091,009	–	–	–	–	1,091,009
Dividends paid *(Note 28)*	–	–	–	(290,000)	–	(290,000)
Total transactions with owners	1,001,009	–	6,173	(296,173)	–	711,009
Balance at 30 September 2013	1,001,009	42,232	19,245	610,268	–	1,672,754

16 Share Premium and Other Reserves *(Continued)*

	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 2011	–	29,486	9,537	599,357	–	638,380
Profit for the year	–	–	–	357,088	–	357,088
Other comprehensive income:						
Currency translation differences	–	487	–	–	–	487
Total comprehensive income for the year	–	487	–	357,088	–	357,575
Transactions with owners:						
Transfer to statutory reserves *(Note)*	–	–	3,535	(3,535)	–	–
Dividends paid *(Note 28)*	–	–	–	(260,000)	–	(260,000)
Total transactions with owners	–	–	3,535	(263,535)	–	(260,000)
Balance at 30 September 2012	–	29,973	13,072	692,910	–	735,955

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 year ended 30 September 2013, appropriations to the statutory reserves amounted to approximately HK$6,173,000 (2012: HK$3,535,000).

16 Share Premium and Other Reserves *(Continued)*

	Share premium HK$'000	Other reserves HK$'000	Company (Equity holders' deficit)/ retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
Balance at 1 October 2012	–	–	(402)	–	(402)
Comprehensive income:					
Profit for the year	–	–	245,521	–	245,521
Total comprehensive loss for the year	–	–	245,521	–	245,521
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	1,091,009	–	–	–	1,091,009
Credited pursuant to the capitalisation issue	(89,900)	–	–	–	(89,900)
Dividends paid *(Note 28)*	–	–	(240,000)	–	(240,000)
Total transactions with owners	1,001,009	828,317	(240,000)	–	1,589,326
Balance at 30 September 2013	1,001,009	828,317	5,119	–	1,834,445
Balance at 1 October 2011	–	–	(358)	–	(358)
Comprehensive loss:					
Loss for the year	–	–	(44)	–	(44)
Total comprehensive loss for the year	–	–	(44)	–	(44)
Balance at 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

	2013 HK$'000	2012 HK$'000
Current		
Collateralised borrowings *(Note 12)*	**144,064**	176,581
Trust receipt loans	**4,696**	5,886
Term loans	**350,608**	419,617
	499,368	602,084

As at 30 September 2013, the effective interest rate of the borrowings was 4.42% per annum (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 30 September 2013, 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:

	2013 HK$'000	2012 HK$'000
Within 1 year	**425,683**	463,117
Between 1 and 2 years	**50,042**	54,378
Between 2 and 5 years	**23,643**	84,589
	499,368	602,084

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

	2013 HK$'000	2012 HK$'000
6 months or less	**499,368**	602,084

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

17 Borrowings *(Continued)*

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

	2013 HK$'000	2012 HK$'000
RMB	**216,965**	221,403
HKD	**138,339**	202,193
USD	**144,064**	145,677
AUD	**–**	32,811
	499,368	602,084

As at 30 September 2013, the Group had the following undrawn borrowing facilities:

	2013 HK$'000	2012 HK$'000
Floating rate		
– expiring within one year	**330,282**	142,441

The facilities expiring within one year are annual facilities subject to review at various dates during the year ending 30 September 2014.

During the year ended 30 September 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 30 September 2013 (2012: HK$21,531,000) and the Group's capital guaranteed fund and derivative financial instruments of HK$5,168,000 as at the same date (2012: HK$4,956,000);

(iii) Pledge of the Group's land use rights and buildings with total net book value of HK$36,571,000 as at 30 September 2013 (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 30 September 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 during the year ended 30 September 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 30 September 2013 (2012: HK$345 million).

17 Borrowings *(Continued)*

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the group companies' statement of financial position 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.

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 year ended 30 September 2013, none of the covenants relating to drawn down facilities had been breached (2012: Same).

18 Obligations Under Finance Leases

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

	2013 **HK$'000**	2012 HK$'000
Within one year	**343**	414
In the second to fifth year	**1,071**	–
	1,414	414
Future finance charges on finance leases	**(143)**	(5)
Present value of finance lease liabilities	**1,271**	409

The present value of finance lease liabilities is as follows:

	2013 **HK$'000**	2012 HK$'000
Within one year	**283**	409
In the second to fifth year	**988**	–
	1,271	409

The carrying amounts of the finance lease liabilities approximate their fair values. As at 30 September 2013, the Group has leased motor vehicles under finance leases with net book value of HK$1,356,000 (2012: plant and machinery and motor vehicles of HK$2,091,000).

19 Trade Payables, Other Payables and Accrued Charges

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**103,155**	105,067	**–**	–
Deposits received	**27,164**	32,893	**–**	–
Accrued employee benefit expenses	**37,690**	23,370	**–**	–
Accrued operating expenses	**17,092**	27,283	**–**	–
Provision for sales rebate to customers	**21,094**	11,300	**–**	–
Payable for purchase of property, plant and equipment	**42,046**	33,116	**–**	–
Other payables and accruals	**4,541**	18,077	**23**	7
Total other payables and accrued charges	**149,627**	146,039	**23**	7
Trade payables, other payables and accrued charges	**252,782**	251,106	**23**	7

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

	2013	2012
	HK$'000	HK$'000
0 – 30 days	**82,173**	75,029
31 – 60 days	**12,860**	21,983
61 – 90 days	**1,510**	4,961
Over 90 days	**6,612**	3,094
	103,155	105,067

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

	2013	2012
	HK$'000	HK$'000
AUD	**–**	1,206
RMB	**70,744**	92,013
USD	**32,098**	11,535
HKD	**313**	313
	103,155	105,067

20 Investments in Subsidiaries

(a) Investments in subsidiaries

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**828,317**	–

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

	Company	
	2013	2012
	HK$'000	HK$'000
Due from a subsidiary	**1,125,952**	–
Due to a fellow subsidiary	**–**	395

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.

20 Investments in Subsidiaries *(Continued)*

(c) Particulars of subsidiaries

The following is a list of the principal subsidiaries at 30 September 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$76,800,000 and paid-up capital of US$76,800,000	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$20,000,000 and paid-up capital of US$20,000,000	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
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)	Trading of aluminium products/ Macao
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)	After sales services/the PRC

The English names of certain subsidiaries 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

	2013 HK$'000	2012 HK$'000
Auditor's remuneration – current year	**4,348**	3,855
Operating leases – land and buildings	**24,239**	2,622
Changes in inventories of finished goods and work in progress	**(93,750)**	18,620
Raw materials and consumables used	**1,788,040**	1,545,886
Loss on disposal of property, plant and equipment	**2,201**	1,761
Employee benefit expenses *(Note 22)*	**337,743**	203,121
Depreciation:		
Owned property, plant and equipment *(Note 6)*	**54,250**	48,823
Leased property, plant and equipment *(Note 6)*	**154**	920
Bad debts written off	**–**	15
Transportation expenses	**54,928**	56,375
Amortisation of land use rights *(Note 7)*	**231**	292
Legal and professional fees	**2,486**	28,410
Research and development costs	**14,698**	6,366
Utilities	**71,430**	62,089
Other expenses	**86,709**	84,292
Total cost of sales, distribution and selling expenses and administrative expenses	**2,347,707**	2,063,447

22 Employee Benefit Expenses (Including Directors' Emoluments)

	2013 HK$'000	2012 HK$'000
Wages and salaries	**308,614**	192,141
Pension cost – social security costs	**8,122**	4,111
Pension cost – defined contribution plans	**622**	571
Other benefits	**20,385**	6,298
	337,743	203,121

Notes to the Consolidated Financial Statements

23 Directors' Emoluments and Five Highest Paid Individuals

(a) Directors' emoluments

The emoluments of individual director of the Company during the years ended 30 September 2013 and 2012 were set out as follows:

30 September 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 *(Note i)*	1,675	425	–	180	2,280
Ms. Shao Lidan *(Note ii)*	1,287	1,208	–	67	2,562
Mr. Leung Chi Wing *(Note ii)*	–	4,480	12,000	15	16,495
Independent Non-Executive Directors:					
Mr. Tsang Wah Kwong *(Note ii)*	240	–	–	–	240
Mr. Chan Nim Leung Leon *(Note ii)*	200	–	–	–	200
Mr. Wong Yee Shuen Wilson *(Note ii)*	200	–	–	–	200
Mr. Tse Chiang Kwok Nasaar *(Note iii)*	33	–	–	–	33
	3,635	6,113	12,000	262	22,010

30 September 2012	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 *(Note i)*	–	2,096	–	152	2,248
	–	2,096	–	152	2,248

Notes:

(i) Mr. Marcus Pan is the Chairman and chief executive officer of the Company.

(ii) Ms. Shao Lidan and Mr. Leung Chi Wing were appointed as executive directors of the Company with effect from 18 January 2013. Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon and Mr. Wong Yee Shuen Wilson were appointed as independent non-executive directors of the Company with effect from 18 January 2013.

(iii) Mr. Tse Chiang Kwok Nassar was appointed as an independent non-executive director of the Company with effect from 1 August 2013.

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 year ended 30 September 2013 (2012: Same).

No director of the Company waived any emolument during the year ended 30 September 2013 (2012: Same).

23 Directors' Emoluments and Five Highest Paid Individuals *(Continued)*

(b) Five highest paid individuals

For the year ended 30 September 2013, the five individuals whose emoluments were the highest in the Group include 3 directors (2012: 1), whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 2 (2012: 4) individuals are as follows:

	2013 HK$'000	2012 HK$'000
Salaries and allowances	**8,327**	13,541
Pension	**105**	184
	8,432	13,725

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

	2013	2012
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	1
	2	4

During the year ended 30 September 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, except for Mr. Fung Chi Kong Felix who received a one-time sign up fee of HK$6,000,000 and became an executive director of the Company with effect from 1 October 2013; (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 (2012: Same).

24 Other Income

	2013 HK$'000	2012 HK$'000
Government grant	**–**	138
Forfeiture of customer deposits	**150**	–
Confiscation of guarantee funds	**–**	1,417
Scrap sales	**–**	1,180
Insurance claims	**1,106**	–
Others	**682**	1,278
	1,938	4,013

25 Other (Losses)/Gains – Net

	2013 HK$'000	2012 HK$'000
Net exchange (losses)/gains	**(39,968)**	27,578
Gain/(loss) on derivative financial instruments – foreign exchange forward contracts	**5,101**	(476)
Fair value gain on derivative financial instruments – equity-index embedded derivative	**177**	131
Loss on derivative financial instruments – aluminium futures contracts	**(2,691)**	–
	(37,381)	27,233

26 Finance Income and Costs

	2013 HK$'000	2012 HK$'000
Interest expenses:		
Interest expense on bank borrowings wholly repayable within 5 years	**22,332**	25,621
Interest element of finance leases	**69**	68
Finance costs	**22,401**	25,689
Interest income:		
Interest income on capital guaranteed fund	**(35)**	(36)
Interest income on bank deposits	**(1,481)**	(173)
Finance income	**(1,516)**	(209)
Finance costs – net	**20,885**	25,480

27 Income Tax (Credit)/Expense

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended 30 September 2013 (2012: Same).

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 year ended 30 September 2013. The standard PRC corporate income tax rate was 25% during the year ended 30 September 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 year ended 30 September 2013 (2012: Same).

	2013 HK$'000	2012 HK$'000
Hong Kong profits tax		
– current year	**138**	740
Overseas taxation		
– current year	**6,942**	21,486
– over-provision in prior years *(Note)*	**(40,911)**	–
	(33,831)	22,226

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 RMB2,797,000 (equivalent to HK$3,535,000) previously provided for 2012 as at 30 September 2012 has been reversed during the year.

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:

	2013 HK$'000	2012 HK$'000
Profit before income tax	**179,700**	379,314
Tax calculated at Hong Kong profits tax rate of 16.5%	**29,651**	62,586
Income not subject to tax	**(35)**	(1,553)
Expenses not deductible for tax purposes	**5,221**	7,582
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(88,509)**	(66,876)
Tax losses for which no deferred income tax asset was recognised	**48,732**	5,111
Over provision in prior years	**(40,911)**	–
Other temporary differences not recognised	**12,020**	15,376
Income tax (credit)/expense	**(33,831)**	22,226

27 Income Tax (Credit)/Expense *(Continued)*

As at 30 September 2013, the Group had unrecognised tax losses of approximately HK$240,462,000 (2012: HK$58,159,000) to carry forward against future taxable income. The unrecognised tax losses were contributed by the Company's subsidiaries, namely, PanAsia Aluminium Limited, PanAsia Trading Limited, PanAsia Aluminium (China) Co., Ltd., Guangzhou Rongfu Electronics Technology Co. Ltd. and Guangzhou OPLV Doors and Windows Systems Co., Ltd.. The tax losses of PanAsia Aluminium Limited and PanAsia Trading Limited have no expiry date while the tax losses of PanAsia Aluminium (China) Co., Ltd., Guangzhou Rongfu Electronics Technology Co. Ltd. and Guangzhou OPLV Doors and Windows Systems Co., Ltd. will expire as follows:

	2013 **HK$'000**	2012 HK$'000
With no expiry date	**53,961**	8,943
Expiry year:		
– 2013	**–**	7,868
– 2014	**10,827**	10,579
– 2015	**18,266**	17,848
– 2016	**2,864**	2,799
– After 2016	**154,544**	10,122
	240,462	58,159

As at 30 September 2012, deferred income tax liabilities of HK$2,516,000 had not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings totalled HK$50,318,000 of a subsidiary in the PRC. As at 30 September 2013, the subsidiary has no unremitted earning and no deferred income tax liability arising thereon. Management is of the view that unremitted earnings 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 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

	2013 HK$'000	2012 HK$'000
Interim dividends declared and paid by a subsidiary of the Group prior to Reorganisation *(Note (a))*	**50,000**	260,000
Interim dividend of 20 HK cents per ordinary share declared and paid by the Company *(Note (b))*	**240,000**	–
	290,000	260,000

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 year ended 30 September 2013 was based on 1,200,000,000 shares in issue as at 22 May 2013 (Note 15).

The aggregate amounts of the dividends paid during the years ended 30 September 2013 and 2012 have been disclosed in the consolidated statement 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 year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

In determining the number of ordinary shares in issue for the years ended 30 September 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.

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**213,531**	357,088
Weighted average number of ordinary shares in issue	**1,095,616,438**	900,000,000
Basic earnings per share (HK cents)	**19**	40

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 September 2013 (2012: Same).

Notes to the Consolidated Financial Statements

30 Notes to Consolidated Statement of Cash Flows

(a) Cash generated from operations

	2013 HK$'000	2012 HK$'000
Profit before income tax	**179,700**	379,314
Adjustments for:		
– Fair value loss/(gain) on derivative financial instruments:		
– foreign exchange forward contracts (non-cash portion)	**487**	304
– aluminium future contracts (non-cash portion)	**2,691**	–
– equity-index embedded derivative *(Note 25)*	**(177)**	(131)
– Loss on disposal of property, plant and equipment *(Note 21)*	**2,201**	1,761
– Depreciation of property, plant and equipment *(Note 6)*	**54,404**	49,743
– Bad debts written-off	**–**	15
– Amortisation of prepaid land use rights *(Note 7)*	**231**	292
– Interest expense on bank borrowings *(Note 26)*	**22,332**	25,621
– Interest element of finance leases *(Note 26)*	**69**	68
– Interest income on bank deposits, capital guaranteed fund and trade receivables *(Note 26)*	**(1,516)**	(209)
	260,422	456,778
Changes in working capital:		
– Inventories	**(128,095)**	(20,788)
– Trade receivables, prepayments, deposits and other receivables	**80,461**	(316,062)
– Trade payables, other payables and accrued charges	**(13,606)**	77,811
– Due from related companies	**4,392**	(3,230)
Cash generated from operations	**203,574**	194,509

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

	2013 HK$'000	2012 HK$'000
At beginning of the year	**409**	1,875
Inception of new leases	**1,506**	–
Interest element of finance leases charged to consolidated statement of comprehensive income *(Note 26)*	**69**	68
Cash outflows	**(713)**	(1,534)
At end of the year	**1,271**	409

30 Notes to Consolidated Statement of Cash Flows *(Continued)*

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

	2013 HK$'000	2012 HK$'000
Net book amount *(Note 6)*	**2,249**	2,546
Loss on disposal of property, plant and equipment	**(2,201)**	(1,761)
Proceeds from disposal of property, plant and equipment	**48**	785

31 Commitments

(a) Capital commitments

	2013 HK$'000	2012 HK$'000
Contracted but not provided for – Property, plant and equipment	**7,484**	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:

	2013 HK$'000	2012 HK$'000
Within one year	**6,506**	5,792
In the second to fifth year inclusive	**6,821**	10,824
	13,327	16,616

As at 30 September 2013, the Company did not have any significant commitments (2012: Same).

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.

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years ended 30 September 2013 and 2012:

(i) Sales of goods

	Notes	**2013 HK$'000**	2012 HK$'000
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)*	**15,926**	33,155

[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.

Notes:

(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:

	2013 HK$'000	2012 HK$'000
Salaries, bonus and allowances	**31,615**	12,767
Pension	**405**	308
	32,020	13,075

32 Related Party Transactions *(Continued)*

(iii) Balances with related parties

Group – Due from a related company:

	Notes	2013 HK$'000	2012 HK$'000
Related company			
Rongjin	*(a),(b)*	**3,385**	7,938

Company:

	Note	2013 HK$'000	2012 HK$'000
Due from a subsidiary	*(c)*	**1,125,952**	–
Due to a fellow subsidiary	*(c)*	**–**	395

Notes:

(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 amounts due from/to a subsidiary/a fellow subsidiary were interest-free, unsecured and repayable on demand.

33 Events After the Reporting Period

(a) Appointment and resignation of executive directors

Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling were appointed as executive directors of the Company with effect from 1 October 2013.

Mr. Leung Chi Wing resigned his position as executive director of the Company with effect from 1 October 2013.

(b) Investment in Nanyang, the PRC

On 1 October 2013, the Company entered into an investment agreement with the Wolong District Government, pursuant to which the Group conditionally agreed to invest an aggregate sum of RMB3,000 million (equivalent to HK$3,780 million) at the Nanyang Optoelectronics Industry Cluster Area in Nanyang City, the PRC, for the establishment of an aluminium alloy production base. Consequently, a new wholly owned subsidiary of the Company, 榮陽實業（南陽）有限公司, was set up with registered capital of US$148 million on 21 October 2013.

Four-Year Financial Summary

Consolidated Results

For the year ended 30 September

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Revenue	**2,583,735**	2,436,995	2,090,575	1,366,944
Profit before income tax	**179,700**	379,314	274,350	94,926
Income tax credit/(expense)	**33,831**	(22,226)	(14,058)	(8,246)
Profit for the year	**213,531**	357,088	260,292	86,680
Other comprehensive income – Currency translation differences	**12,259**	487	9,649	(5,479)
Total comprehensive income attributable to shareholders of the Company	**225,790**	357,575	269,941	81,201
Earnings per share (HK cents)	**19**	40	N/A	N/A

Consolidated Assets and Liabilities

As at 30 September

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
Total assets	**2,555,957**	1,733,140	1,143,921	882,967
Total liabilities	**763,203**	997,185	505,541	444,528
Net assets attributable to shareholders of the Company	**1,792,754**	735,955	638,380	438,439