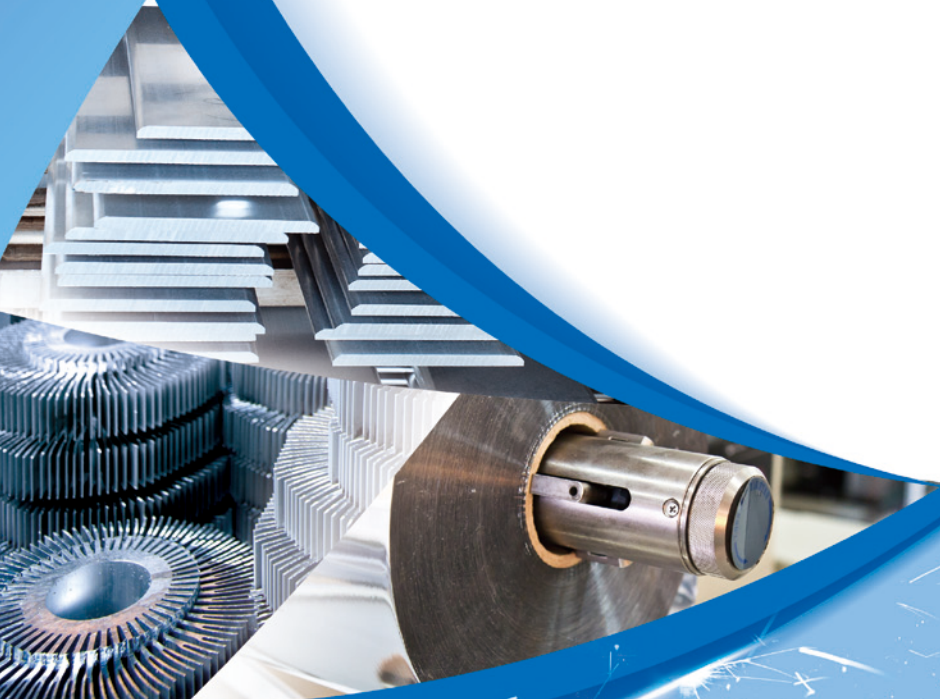




榮陽實業集團有限公司
PanAsialum Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2078



Interim Report 2015



This Interim Report is printed on environmentally friendly paper

Contents

Corporate Information	2
Financial Highlights and Key Financial Ratios	4
Condensed Consolidated Interim Financial Information	
• Condensed Consolidated Interim Statement of Financial Position	6
• Condensed Consolidated Interim Statement of Comprehensive Income	8
• Condensed Consolidated Interim Statement of Changes in Equity	10
• Condensed Consolidated Interim Statement of Cash Flows	11
Notes to the Condensed Consolidated Interim Financial Information	12
Management Discussion and Analysis	38
Other Information	48

Corporate Information

DIRECTORS

Executive Directors

- Ms. Shao Liyu
(Chief Executive Officer (“CEO”)
(appointed as CEO on April 22, 2015)
- Mr. Zhu Hongtao
(appointed on January 1, 2015)
- Mr. Chan Kai Lun Allan
(appointed on March 27, 2017)

Non-executive Directors

- Mr. Cosimo Borrelli
(Non-Executive Chairman)
(appointed as Non-Executive Director on
May 27, 2016 and Non-Executive
Chairman on November 9, 2017)
- Ms. Chi Lai Man Jocelyn
(appointed on May 27, 2016)

Independent Non-executive Directors

- Mr. Mar Selwyn
(appointed on February 8, 2017)
- Mr. Chan Kai Nang
(appointed on February 24, 2017)
- Mr. Leung Ka Tin
(appointed on February 24, 2017)

BOARD COMMITTEES

Audit Committee

- Mr. Mar Selwyn (Chairman)
(appointed as member on February 8,
2017 and as Chairman on February 11,
2017)
- Mr. Chan Kai Nang
(appointed on February 24, 2017)
- Mr. Leung Ka Tin
(appointed on February 24, 2017)

Remuneration Committee

- Mr. Chan Kai Nang (Chairman)
(appointed as member on February 24,
2017 and Chairman on March 21, 2017)
- Ms. Shao Liyu
(appointed on December 16, 2014)
- Mr. Mar Selwyn
(appointed on February 8, 2017)
- Mr. Leung Ka Tin
(appointed on February 24, 2017)

Nomination Committee

- Mr. Leung Ka Tin (Chairman)
(appointed as member on February 24,
2017 and Chairman on November 22,
2017)
- Ms. Shao Liyu
(appointed as member on December 16,
2014 and ceased but remains as a
member on November 22, 2017)
- Mr. Mar Selwyn
(appointed on February 8, 2017)
- Mr. Chan Kai Nang
(appointed on February 24, 2017)

AUTHORIZED REPRESENTATIVES

- Ms. Shao Liyu
(appointed on October 1, 2015)
- Mr. Chan Kai Lun Allan
(appointed on March 27, 2017)

COMPANY SECRETARY

- Ms. Kwok Ka Huen
(appointed on November 10, 2017)

REGISTERED OFFICE

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

STOCK CODE

2078

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(the “**Stock Exchange**”)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor,
Cambridge House,
Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

PRODUCTION BASES IN PEOPLE’S REPUBLIC OF CHINA (“PRC”)

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

Long Sheng Industrial Area
No. 6 Long Sheng Road
Wolong District
Nanyang City
Henan Province
PRC

PRINCIPAL SHARE REGISTRAR

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor,
24 Shedden Road,
P.O. Box 1586,
Grand Cayman, KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Agricultural Bank of China
China CITIC Bank, Nanyang Branch
Bank of Communications, Nanyang Branch
Bank of China Macau branch

INDEPENDENT AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to PRC law:
Guangdong Ever Win Law Office

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

FINANCIAL ADVISER ON MATTERS RELATING TO RESUMPTION OF TRADING OF THE COMPANY’S SHARES

Asian Capital Limited

WEBSITE

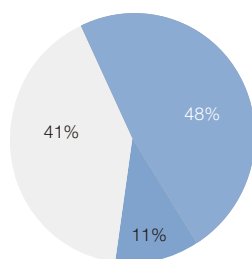
www.palum.com

Financial Highlights and Key Financial Ratios

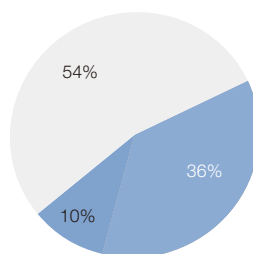
	For the six months ended March 31,		
	2015 (Unaudited)	2014 (Unaudited)	Change in%
Revenue	HK\$1,014 million	HK\$1,432 million	-29%
(Loss)/profit attributable to equity holders of the Company	(HK\$300 million)	HK\$120 million	-350%
Gross Profit Margin	22%	17%	
(Loss)/earnings per Share (HK cents)	(25)	10	
Return on equity	(19.4%)	6.3%	
Interest Coverage Ratio	(28.8)	24.1	

	As at March 31, 2015 (Unaudited)	As at September 30, 2014 (Audited)
Current Ratio	2.69	1.97
Quick Ratio	2.13	1.63
Gearing Ratio	6.3%	27.2%
Net Debt to Equity Ratio	-3.87%	5.8%

ANALYSIS OF REVENUE BY PRODUCTS



2015

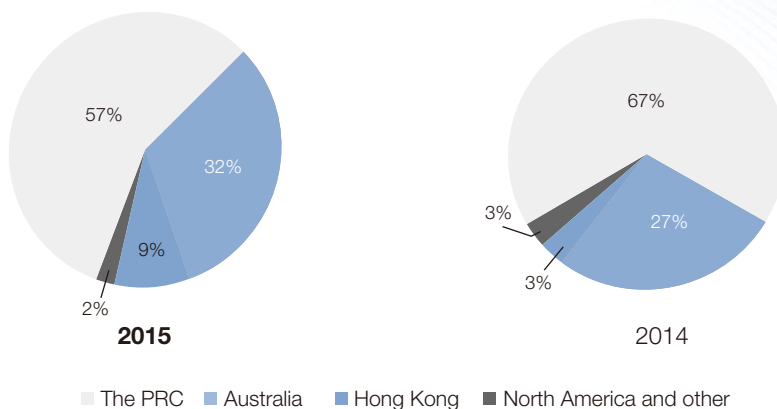


2014

■ Electronics Parts ■ Construction and Industrial Products ■ Branded OPLV Products

Financial Highlights and Key Financial Ratios

ANALYSIS OF REVENUE BY GEOGRAPHICAL LOCATIONS



- (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 period 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 Net Debt to Equity Ratio is based on total borrowings, obligations under finance leases and amount due to a director less cash and cash equivalents divided by total equity multiplied by 100%.

The Current Board of Directors (the “**Directors**”) of the Company (the “**Board**”) did not declare an interim dividend for the six months ended March 31, 2015 (six months ended March 31, 2014: no interim dividend).

Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2015

		Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	628,005	581,945
Land use rights		14,225	15,149
Investment in an associated company		–	15,399
Deposits and lease prepayments		1,655	612
Prepayments for property, plant and Equipment		322,525	64,605
Prepayments for land use rights		–	290,690
		<u>966,410</u>	<u>968,400</u>
Current assets			
Inventories		181,625	294,063
Trade and bills receivables	9	397,606	858,927
Prepayments, deposits and other Receivables		93,395	109,527
Due from an associated company		2,663	26,807
Due from a related company	21	1,941	4,200
Derivative financial instruments		4,405	4,144
Pledged bank deposits		7,620	–
Fixed bank deposits		25,361	–
Cash and cash equivalents		155,660	387,145
		<u>870,276</u>	<u>1,684,813</u>
Total assets		<u>1,836,686</u>	<u>2,653,213</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	120,000	120,000
Reserves		1,387,718	1,672,832
Total equity		<u>1,507,718</u>	<u>1,792,832</u>

Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2015

		Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Obligations under finance leases – non-current portion		5,192	6,032
Current liabilities			
Trade payables	12	35,914	128,512
Other payables and accrued charges		153,967	207,106
Due to a director	21	2,663	2,663
Borrowings	11	87,677	479,919
Obligations under finance leases – current portion		1,735	1,693
Current income tax liabilities		41,820	34,456
		323,776	854,349
Total liabilities		328,968	860,381
Total equity and liabilities		1,836,686	2,653,213
Net current assets		546,500	830,464
Total assets less current liabilities		1,512,910	1,798,864

The notes on pages 12 to 37 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended March 31, 2015

	<i>Notes</i>	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Revenue	7	1,013,897	1,431,504
Cost of sales	13	(789,627)	(1,183,038)
Gross profit		224,270	248,466
Distribution and selling expenses	13	(47,431)	(67,200)
Administrative expenses	13	(366,052)	(125,117)
Other income	14	8,571	135,809
Other losses – net	15	(93,177)	(40,624)
Operating (loss)/profit		(273,819)	151,334
Finance income	16	1,099	2,975
Finance costs	16	(9,854)	(6,283)
Finance costs – net	16	(8,755)	(3,308)
Share of loss of an associated company		(9,493)	–
(Loss)/profit before income tax		(292,067)	148,026
Income tax expense	17	(7,988)	(27,746)
(Loss)/profit attributable to equity holders of the Company		(300,055)	120,280

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended March 31, 2015

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
<i>Notes</i>		
Other comprehensive income: Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	<u>14,941</u>	<u>3,302</u>
Total comprehensive (loss)/ income attributable to equity holders of the Company	<u>(285,114)</u>	<u>123,582</u>
(Losses)/earnings per share attributable to the equity holders of the Company (expressed in HK cents per share)	<u>(25.0)</u>	<u>10.0</u>
<i>19</i>		

The notes on pages 12 to 37 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended March 31, 2015

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at October 1, 2014	120,000	1,001,287	58,712	612,833	1,792,832
Loss for the period	-	-	-	(300,055)	(300,055)
Other comprehensive income:					
Currency translation differences	-	-	14,941	-	14,941
Total comprehensive income for the period	-	-	14,941	(300,055)	(285,114)
Balance at March 31, 2015	120,000	1,001,287	73,653	312,778	1,507,718

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained Earnings HK\$'000	Total equity HK\$'000
Balance at October 1, 2013	120,000	1,001,009	61,477	610,268	1,792,754
Profit for the period	-	-	-	120,280	120,280
Other comprehensive income:					
Currency translation differences	-	-	3,302	-	3,302
Total comprehensive income for the period	-	-	3,302	120,280	123,582
Balance at March 31, 2014	120,000	1,001,009	64,779	730,548	1,916,336

The notes on pages 12 to 37 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended March 31, 2015

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Net cash used in operating activities	(97,817)	(128,632)
Net cash generated from investing activities	254,097	133,018
Net cash (used in)/generated from financing activities	(401,591)	291,319
Net (decrease)/increase in cash and cash equivalents	(245,311)	295,705
Cash and cash equivalents at beginning of the period	387,145	498,694
Exchange gains on cash and cash equivalents	13,826	368
Cash and cash equivalents at end of the period	155,660	794,767

The notes on pages 12 to 37 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Statements

1 GENERAL INFORMATION

PanAsialum Holdings Company Limited (“**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 October 7, 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.

The Company has been listed on the main board of The Stock Exchange of Hong Kong Limited since February 5, 2013.

This condensed consolidated interim financial information is presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”), unless otherwise stated. This condensed consolidated interim financial information has been reviewed but not audited, and it was approved for issue by the Board of directors (“**Board**”) on January 19, 2018.

2 KEY EVENTS

As disclosed in the annual report of 2014, on July 3, 2014, a subsidiary of the Company entered into an agreement with a supplier for acquisition of equipment for an aggregate consideration of RMB96.4 million (equivalent to approximately HK\$120 million). The Group also acquired equipment and machinery from the supplier with aggregate consideration of RMB48.9 million (equivalent to approximately HK\$61.8 million) in March 2014.

On February 2, 2015, a supplemental agreement was entered into with the supplier to amend the total consideration for the acquisitions from RMB145.3 million (equivalent to approximately HK\$181.8 million) to RMB85.3 million (equivalent to approximately HK\$106.7 million).

Details of the acquisition of equipment are set out in the announcements of the Company dated July 3, 2014 and February 12, 2015.

As disclosed in the annual report of 2014, the auditor of the Company has identified certain matters (“**Matters**”) during the course of its audit of the consolidated financial statements of the Company for the year ended September 30, 2014 and an investigation on the Matters (“**Investigation**”) by an independent professional advisor was launched.

Details of the investigation are set out in the “Management Discussion and Analysis” section in this interim report.

Notes to the Condensed Consolidated Interim Financial Statements

3 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended March 31, 2015 has been prepared in accordance with HKAS 34 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

4 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended September 30, 2014, as described in those annual consolidated financial statements.

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards and interpretations that have been issued and are effective for the Group's financial year commencing on October 1, 2014:

Amendments which do not have significant financial impact to the Group

Amendment to HKAS 19 (2011)	Defined benefit plans: employee contributions
Amendment to HKAS 32	Offsetting financial assets and financial liabilities
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendment to HKAS 39	Novation of derivatives and continuation of hedge accounting
Amendment to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
HK(IFRIC) – Int 21	Levies
Annual improvements project	Annual improvements 2010-2012 cycle
Annual improvements project	Annual improvements 2011-2013 cycle

4 ACCOUNTING POLICIES *(Continued)*

(a) **New and amended standards adopted by the Group** *(Continued)*

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

There are no other new, revised standards and amendments to standards or interpretations that are effective for the first time for this interim period and could be expected to have a material impact on the Group.

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

The following new and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on October 1, 2014 and have not been early adopted by the Group:

Notes to the Condensed Consolidated Interim Financial Statements

4 ACCOUNTING POLICIES (Continued)

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

		Effective for annual periods beginning on or after
Amendment to HKAS 1	Disclosure initiative	January 1, 2016
Amendment to HKAS 7	Disclosure initiative	January 1, 2017
Amendment to HKAS 12	Recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendment to HKAS 16 and HKAS 41	Agriculture: bearer plants	January 1, 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization	January 1, 2016
Amendment to HKAS 27	Equity method in separate financial statements	January 1, 2016
Amendment to HKAS 40	Transfers of investment property	January 1, 2018
Amendment to HKFRS 2	Classification and measurement of share-based payment transactions	January 1, 2018
Amendment to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	January 1, 2018
HKFRS 9	Financial instruments	January 1, 2018
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	January 1, 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	January 1, 2016
HKFRS 14	Regulatory deferral accounts	January 1, 2016
HKFRS 15	Revenue from contracts with customers	January 1, 2018
Amendment to HKFRS 15	Clarification to HKFRS 15	January 1, 2018
HKFRS 16	Leases	January 1, 2019
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration	January 1, 2018
Annual improvements project	Annual improvements 2012-2014 cycle	January 1, 2016
Annual improvements project	Annual improvements 2014-2016 cycle	January 1, 2017
Annual improvements project to HKFRS 1 and HKAS 28	Annual improvements 2014-2016 cycle (amendments)	January 1, 2018

The Group estimates that the adoption of the above new standards and amendments to the existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

5 FINANCIAL RISK MANAGEMENT

5.1 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. There have been no changes in any risk management policies since the last year end.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended September 30, 2014.

5.2 Liquidity risk

Compared to the last year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. For a significant increase in the amount due to a director, the Group does not expect any major exposure to liquidity risk in view of the Group's sufficient cash and the availability of an adequate amount of credit facilities.

5.3 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. A change in prices of aluminium could affect the Group's financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

The Group recognized a total loss on derivative financial instruments of HK\$16,116,000 during the six months ended March 31, 2015 (2014: HK\$34,381,000). Management considers the fluctuation on the commodity price of aluminium does not have a significant impact on the Group's earnings and cash flows in the long run.

Notes to the Condensed Consolidated Interim Financial Statements

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.4 Fair value estimation

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

- Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at March 31, 2015 and September 30, 2014.

At March 31, 2015 (Unaudited)

Group	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Foreign exchange forward contracts	–	3,996	–	3,996
Aluminium future contracts	409	–	–	409

At September 30, 2014 (Audited)

Group	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Aluminium future contracts	4,144	–	–	4,144

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

6 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.

(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 9.

Notes to the Condensed Consolidated Interim Financial Statements

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(Continued)

(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 5.4.

(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.

(e) Estimated useful lives and impairment of property, plant and equipment

Management estimates useful lives of the property, plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the assets, expected repair and maintenance, the technical or commercial obsolescence arising from changes or improvements in the market. Residual values of the property, plant and equipment are determined based on prevailing market values for equivalent aged assets taking into account the condition of the relevant assets and other economic considerations. Depreciation expense would be significantly affected by the useful lives and residual values of the property, plant and equipment as estimated by management.

The Group's major operating assets represent property, plant and equipment. Management performs review for impairment of the property, plant and equipment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

Notes to the Condensed Consolidated Interim Financial Statements

7 SEGMENT INFORMATION

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

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

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

The description of each reportable product segment is as follows:

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

Notes to the Condensed Consolidated Interim Financial Statements

7 SEGMENT INFORMATION *(Continued)*

The segment information for the operating segments for the six months ended March 31, 2015 is as follows:

	Unaudited			Total HK\$'000
	Electronics parts HK\$'000	Branded OPLV products HK\$'000	Construction and industrial products HK\$'000	
Sales to external customers	411,883	110,376	491,638	1,013,897
Cost of sales	<u>(292,423)</u>	<u>(92,666)</u>	<u>(404,538)</u>	<u>(789,627)</u>
Segment gross profit	119,460	17,710	87,100	224,270
Unallocated operating costs				(413,483)
Other income				8,571
Other losses – net				(93,177)
Finance costs – net				(8,755)
Share of loss of an associated company				<u>(9,493)</u>
Loss before income tax				<u><u>(292,067)</u></u>

Notes to the Condensed Consolidated Interim Financial Statements

7 SEGMENT INFORMATION *(Continued)*

The segment information for the operating segments for the six months ended March 31, 2014 is as follows:

	Electronics parts HK\$'000	Unaudited		Total HK\$'000
		Branded OPLV products HK\$'000	Construction and industrial products HK\$'000	
Sales to external customers	767,046	144,641	519,817	1,431,504
Cost of sales	<u>(607,480)</u>	<u>(118,950)</u>	<u>(456,608)</u>	<u>(1,183,038)</u>
Segment gross profit	159,566	25,691	63,209	248,466
Unallocated operating costs				(192,317)
Other income				135,809
Other losses – net				(40,624)
Finance costs – net				<u>(3,308)</u>
Profit before income tax				<u><u>148,026</u></u>

Notes to the Condensed Consolidated Interim Financial Statements

7 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 six months ended March 31, 2015 and 2014 consists of the following:

	Unaudited					
	Six months ended March 31, 2015					
	The PRC	Australia	North	Hong	Others	Total
	HK\$'000	HK\$'000	America HK\$'000	Kong HK\$'000	HK\$'000	HK\$'000
Turnover – Sales to external customers	573,556	324,181	87,085	15,742	13,333	1,013,897
Cost of sales	<u>(409,874)</u>	<u>(283,228)</u>	<u>(69,395)</u>	<u>(14,123)</u>	<u>(13,007)</u>	<u>(789,627)</u>
Gross profit	<u>163,682</u>	<u>40,953</u>	<u>17,690</u>	<u>1,619</u>	<u>326</u>	<u>224,270</u>

	Unaudited					
	Six months ended March 31, 2014					
	The PRC	Australia	North	Hong	Others	Total
	HK\$'000	HK\$'000	America HK\$'000	Kong HK\$'000	HK\$'000	HK\$'000
Turnover – Sales to external customers	952,533	392,508	14,502	44,120	27,841	1,431,504
Cost of sales	<u>(765,535)</u>	<u>(339,402)</u>	<u>(12,841)</u>	<u>(37,963)</u>	<u>(27,297)</u>	<u>(1,183,038)</u>
Gross profit	<u>186,998</u>	<u>53,106</u>	<u>1,661</u>	<u>6,157</u>	<u>544</u>	<u>248,466</u>

Notes to the Condensed Consolidated Interim Financial Information

8 PROPERTY, PLANT AND EQUIPMENT

	Unaudited six months ended March 31, 2015 HK\$'000	Audited year ended September 30, 2014 HK\$'000
Opening net book amount	581,945	511,478
Exchange differences	520	(569)
Additions	83,638	192,215
Write off	–	(50,713)
Disposals	(773)	(3,604)
Depreciation (Note 13)	(37,325)	(66,862)
	<u>628,005</u>	<u>581,945</u>
Closing net book amount	<u>628,005</u>	<u>581,945</u>

9 TRADE RECEIVABLES

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Trade receivables	567,930	954,212
Less: provision for impairment of receivables	(170,592)	(95,475)
Trade receivables – net	397,338	858,737
Bills receivables	268	190
Trade and bills receivables – net	<u>397,606</u>	<u>858,927</u>

Notes to the Condensed Consolidated Interim Financial Information

9 TRADE RECEIVABLES (Continued)

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 30 to 120 days. (2014: 30 to 120 days). The Group does not hold any collateral as security.

The ageing analysis of the trade receivables based on due date was as follows:

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Current	226,143	627,706
1 – 30 days	41,297	63,566
31 – 60 days	13,183	13,216
61 – 90 days	2,836	58,800
91 – 180 days	15,625	95,637
181 days – 1 year	98,522	2
	397,606	858,927

As at March 31, 2015, receivables of HK\$226,143,000 were neither past due nor impaired (At September 30, 2014: HK\$627,706,000). These receivables relate to customers for whom there is no recent history of default.

As at March 31, 2015, an impairment provision of 171,463,000 were provided (as at September 30, 2014: HK\$231,221,000).

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK\$41,060,000 to bank in exchange for cash as at March 31, 2015 (as at September 30, 2014: HK\$162,351,000). The transactions have been accounted for as collateralized borrowings (Note 11).

As at March 31, 2015, all trade receivables were non-interest bearing (as at September 30, 2014: Same).

Notes to the Condensed Consolidated Interim Financial Information

10 SHARE CAPITAL

	Unaudited March 31, 2015		Audited September 30, 2014	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorized:				
Ordinary shares of HK\$0.10 each	<u>2,400,000,000</u>	<u>240,000</u>	<u>2,400,000,000</u>	<u>240,000</u>
Issued and fully paid:	<u>1,200,000,000</u>	<u>120,000</u>	<u>1,200,000,000</u>	<u>120,000</u>

11 BORROWINGS

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Current		
Collateralized borrowings of a bank (Note 9)	36,954	146,116
Collateralized borrowings of a financial institution	–	22,725
Term loans	50,723	311,078
	<u>87,677</u>	<u>479,919</u>

As at March 31, 2015, the effective interest rate of the borrowings was 3.56% per annum (At September 30, 2014: 3.80% per annum). The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

Notes to the Condensed Consolidated Interim Financial Information

11 BORROWINGS *(Continued)*

As at March 31, 2015, the Group's banking facilities were secured by the pledge of the Group's land use rights and buildings, and a legally notarised *livranca* (i.e. a promissory note) signed by a subsidiary of the Group.

12 TRADE PAYABLES

As at March 31, 2015 and September 30, 2014, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
0 – 30 days	12,291	54,010
31 – 60 days	6,541	27,772
61 – 90 days	6,432	8,255
Over 90 days	10,650	38,475
	35,914	128,512

Notes to the Condensed Consolidated Interim Financial Information

13 EXPENSES BY NATURE

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Operating profit is stated after charging/ (crediting) the following:		
Auditor's remuneration – current period	2,500	2,000
Operating leases – land and buildings	13,320	16,710
Changes in inventories of finished goods and work in progress	75,138	(45,991)
Raw materials and consumables used	680,069	1,080,882
Loss on disposal of property, plant and equipment	23	–
Employee benefit expenses	136,059	156,519
Depreciation:		
Owned property, plant and equipment (Note 8)	37,151	34,686
Leased property, plant and equipment (Note 8)	174	88
Amortization of land use rights	905	125
Provision for impairment on prepayment to a supplier for purchases of raw materials	16,122	–
Write off of investment in associate	5,893	–
Write off of amounts due from an associated company	39,976	–
Write off of trade receivables	181,579	–
Legal and professional fees	3,965	3,792

Notes to the Condensed Consolidated Interim Financial Information

14 OTHER INCOME

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Government grant (Note)	–	133,220
Insurance claim	172	799
Forfeiture of customer deposits	3	1,549
Scrap sales	6,301	–
Others	2,095	241
	<u>8,571</u>	<u>135,809</u>

Note:

Government grant amounting to HK\$133,220,000 (RMB104,604,000) represented incentive receivable from Wolong District Government in accordance with the supportive preferential policy pursuant to the Investment Agreement for the Group's development of high technology enterprise in the Wolong District in Nanyang City. HK\$48,200,000 (RMB37,797,000) of such grant has been received in April 2014.

15 OTHER LOSSES – NET

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Net exchange losses	(81,057)	(7,071)
Gain on derivative financial instruments – foreign exchange forward contracts	3,996	828
Loss on derivative financial instruments – aluminium future contracts	(16,116)	(34,381)
	<u>(93,177)</u>	<u>(40,624)</u>

Notes to the Condensed Consolidated Interim Financial Information

16 FINANCE INCOME AND COSTS

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Interest income:		
Interest income on capital guaranteed fund	–	130
Interest income on bank deposits	<u>1,099</u>	<u>2,845</u>
Finance income	<u>1,099</u>	<u>2,975</u>
Interest expenses:		
Interest expense on bank borrowings wholly repayable within 5 years	<u>(9,687)</u>	(6,266)
Interest element of finance leases	<u>(167)</u>	<u>(17)</u>
Finance costs	<u>(9,854)</u>	<u>(6,283)</u>
Finance costs – net	<u>(8,755)</u>	<u>(3,308)</u>

Notes to the Condensed Consolidated Interim Financial Information

17 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the six months ended March 31, 2015.

The Group's operations in the PRC are subject to the PRC corporate income tax. The standard PRC Corporate income tax rate was 25% during the six months ended March 31, 2015.

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, OPAL (Macao Commercial Offshore) Limited is exempted from Macao Complementary Tax during the six months ended March 31, 2015 (2014: Same).

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Hong Kong profits tax		
– current period	(496)	(497)
– over-provision in prior periods	–	390
Overseas taxation		
– current period	(7,492)	(32,216)
– over-provision in prior periods	–	4,577
	<u>(7,988)</u>	<u>(27,746)</u>

Notes to the Condensed Consolidated Interim Financial Information

18 DIVIDENDS

No dividend has been declared by the Company for the six months ended March 31, 2015 and 2014.

19 (LOSS)/EARNINGS PER SHARE

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

	Unaudited Six months ended March 31, 2015	Unaudited Six months ended March 31, 2014
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	<u>(300,055)</u>	<u>120,280</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<u>1,199,405</u>	<u>1,200,000</u>
Basic (loss)/earnings per share (HK cents)	<u><u>(25.0)</u></u>	<u><u>10.0</u></u>

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended March 31, 2015 and 2014, respectively.

Notes to the Condensed Consolidated Interim Financial Information

20 COMMITMENTS

(a) Capital commitments

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Contracted but not provided for – property, plant and equipment	149,663	162,522
	<u>149,663</u>	<u>162,522</u>

(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:

	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Within one year	3,176	3,801
In the second to fifth year inclusive	1,706	3,293
	<u>4,882</u>	<u>7,094</u>

Notes to the Condensed Consolidated Interim Financial Information

21 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 interim financial information, the Group had the following related party transactions during the six months ended March 31, 2015 and 2014:

(i) Sales of goods/purchase of materials

	Unaudited Six months ended March 31, 2015	Unaudited Six months ended March 31, 2014
<i>Notes</i>	HK\$'000	HK\$'000
Continuing:		
Sales of aluminium extrusion materials		
Guangzhou Rongjin Curtain Wall Co. Ltd. (“ Rongjin ”)		
廣州市榮晉幕牆有限公司 ¹ (a), (b)	7,023	12,860

- 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 name.

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.

Notes to the Condensed Consolidated Interim Financial Information

21 RELATED PARTY TRANSACTIONS (Continued)

(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:

	Unaudited Six months ended March 31, 2015 HK\$'000	Unaudited Six months ended March 31, 2014 HK\$'000
Salaries, bonus and allowances	9,539	5,758
Pension	182	261
	9,721	6,019

(iii) Balances with related parties

	<i>Notes</i>	Unaudited March 31, 2015 HK\$'000	Audited September 30, 2014 HK\$'000
Due from a related company			
– Rongjin	(a)	1,941	4,200
Due from an associated company			
– Leading Sense	(b)	–	26,807

Notes:

- (a) The balances are unsecured, interest-free and repayable on demand.
- (b) The related company is controlled by family member of Mr. Pan, a director of the Company, during the six months ended March 31, 2015.

22 EVENTS AFTER THE REPORTING PERIOD

(a) Construction in Nanyang, PRC

On April 8, 2015, PanAsia Aluminium (China) Co., Ltd (“**PAACL**”), a wholly-owned subsidiary of the Company, entered into a construction contract with the 河南冠亞建築工程有限責任公司 (the “**Contractor**”) by constructing and building three CNC workshops of the Group’s production facility at Nanyang, with a total consideration of RMB56.9 million (equivalent to approximately HK\$71.9 million). The phase 1 production of the construction had commenced on October 23, 2015. On November 17, 2015, the above said subsidiary further entered into another construction contract with the Contractor by constructing and building a workshop at the Group’s production facility at Nanyang, with a total consideration of RMB46.6 million (equivalent to approximately HK\$57.6 million). The workshops’ construction has been completed as of the date of this report.

(b) Investment in Xinjiang

On April 10, 2015, PanAsia Aluminium (Hong Kong) Limited, a wholly-owned subsidiary of the Company, entered into an investment agreement with the Jimsar County Government by investing in a subsidiary with an estimated aggregate capital of at least RMB200 million (equivalent to approximately HK\$254 million) at Xinjiang to produce high-end aluminium rods and aluminium rolled products. On December 18, 2015, the Group entered into an agreement with 吉木薩爾縣國土資源局 (“**JBLR**”) by purchasing the land with a consideration of approximately RMB3.6 million (equivalent to approximately HK\$4.4 million), which was waived by the JBLR.

Notes to the Condensed Consolidated Interim Financial Information

22 EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(c) **Change of the financial year end date**

On September 30, 2016, the Board approved that the financial year end date of the Company will be changed from September 30, to December 31. Accordingly, the financial period will cover a period of fifteen months from October 1, 2015 to December 31, 2016.

The Board does not foresee any material financial implications for the Group as a result of the change of the financial year end date nor is there any other matter of significance that should be brought to the attention of the shareholders of the Company.

(d) **Disposal of OPLV**

On December 28, 2017, the Company (through its wholly-owned subsidiaries) as the vendors, the purchasers, which are companies beneficially owned by Ms Shao, and Ms Shao entered into the agreement, pursuant to which the vendors conditionally agreed to sell and the purchasers conditionally agreed to purchase the shares of OPLV (Nanyang) Doors and Windows Systems Co., Ltd and OPLV Architectural Design Pty Ltd. The vendors shall also procure the accounts receivable to be transferred or assigned to the purchasers. The consideration was estimated to be at an aggregate of RMB20 million. Upon completion, the Group will cease to have any interest in the above entities and their subsidiaries and its financial results will no longer be consolidated into the Company's consolidated financial statements.

Management Discussion and Analysis

OVERVIEW

Business and Financial Overview

The Group is an aluminium products manufacturer based in Guangdong Province, the People's Republic of China ("**PRC**"), with a large and diverse portfolio of high quality products. We currently manufacture three categories of products: (i) Electronics Parts, (ii) Construction and Industrial Products and (iii) Branded OPLV Products.

The total operating revenue of the Group for the first six months ended March 31, 2015 ("**Period Under Review**") was HK\$1,014 million (2014: HK\$1,432 million), representing a decrease of 29% as compared with the six months ended March 31, 2014 ("**2014 Period**"). The Group's overall gross profit margin stays stable at 22% for Period Under Review and is slightly higher than 2014 Period 17%; and the net profit after tax attributable to equity holders of the Company has turned from net profit into a net loss position of HK\$300 million (2014: Net profit after tax HK\$120 million). The major reasons for the net loss were (i) reduction in the sales orders for Electronics parts and Construction and industrial products from major customers of the Group leading to an excess production capacity; (ii) one-off adjustment including the write-off of investment in associate and the amount due from an associated company, and the impairment provision on receivable from the Australian customers; and (iii) the weak performance of the Australian Dollars ("**AUD**") in the Period Under Review.

Electronics Parts

The Electronics Parts segment contributed HK\$412 million to the total revenue of the Group, representing a decrease of 46% as compared with HK\$767 million for the 2014 Period. The gross profit margin of the Electronics Parts has restored the high profit margin from 21% for the 2014 Period to 29% for the Period Under Review.

Management Discussion and Analysis

Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment were HK\$492 million (2014 Period: HK\$520 million) and 18% (2014 Period: 12%) for the Period Under Review respectively. The segment also experienced a decrease in revenue and an increase in gross profit in the Period Under Review. Australian sales have dropped 17% from HK\$393 million in 2014 Period to HK\$324 million for the Period Under Review although there was only 17% dropped comparing the two periods in term of sales quantity. One of the reasons was the weak AUD against HKD as the selling price of the Group's products to the Australian market is in AUD, the continual weakening of AUD in the Period Under Review as compared to the 2014 Period, together with increasing prices of aluminium and other raw materials, have reduced the gross profit margin of the Construction and Industrial Products segment.

Branded OPLV Products

The Group had continued to develop the Branded OPLV Products market in the mainland China by engaging more distributors for selling Branded OPLV Products. This segment contributed 11% of the total group sales in Period Under Review which is higher than that in the 2014 period 10% although there was a slight drop in the gross profit margin from 18% for the 2014 Period to 16% for the Period Under Review.

Cost of sales

With the significant drop in sales, cost of sales decreased by 33% from HK\$1,183 million for the 2014 Period to HK\$790 million for the Period Under Review. This is more or less in line with the drop in total revenue.

Gross profit

Despite our gross profit declined by 10% from HK\$248 million for the 2014 Period to HK\$224 million for the Period Under Review, there was a slight increase in gross profit margin from 17% for the 2014 Period to 22% for the Period Under Review, due to the which help secure the gross profit margin of the Company.

Distribution and selling expenses

Distribution and selling expenses decreased by 29% from the 2014 Period to the Period Under Review. The decrease was mainly due to the decrease in transportation expenses and travelling expenses.

Management Discussion and Analysis

Administrative expenses

Administrative expenses rose significantly from HK\$125 million for 2014 Period to HK\$366 million the Period Under Review. The increase was mainly due to those one-off adjustments including the write-off investment in associate and the amount due from the associated company, and the impairment of provision on receivable.

Other income

Other income comprised sales of scrapped materials which was HK\$6 million during the Period Under Review.

Other losses – net

Other losses increased by HK\$52 million or 129% from the 2014 Period to HK\$93 million for the Period Under Review. The increase comprised realized and unrealized exchange losses arising from the appreciation of the Renminbi (“RMB”) and the depreciation of the AUD during the Period Under Review.

Finance income

Finance income mainly comprised interest income which was HK\$1 million for Period Under Review compared to HK\$3 million in 2014 Period due to lower average balances of bank deposits.

Finance costs

Net finance costs increased by HK\$5.5 million from HK\$3.3 million for 2014 Period to HK\$8.8 million the Period Under Review.

Income tax expenses

We have a net income tax expenses of HK\$8 million was mainly due to the finalization of the PRC corporate income tax assessments for the Period Under Review.

Management Discussion and Analysis

Prospects

Although sales of Electronics parts for Period Under Review decline, customers in this segment were expected to bring in a higher profit margin to the Group than other segments. Going forward, the Group will continue to strive to catch opportunities in the Electronics Parts business by widening its 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.

As for Construction and Industrial Products, the Group will stay focus on the sales to Australian customers, which are currently a challenging target after the loss of major customers. We will strive for securing more new sales orders protecting our market shares. At the same time, the Group will continue to develop new customers in Hong Kong, Macau and other regions. We will continue to look for opportunities in low risk financial instruments that may minimize the impact of foreign currency fluctuation to the Group's performance.

Liquidity and Financial Resources

The Group principally finances its operations through a combination of shareholders' equity, internally generated cash flow and borrowings. As at March 31, 2015 the Group had HK\$156 million cash and cash equivalents (2014: HK\$387 million) and had HK\$25 million fixed bank deposits (2014: nil), HK\$8 million pledged bank deposits (2014: nil), interest-bearing borrowings of HK\$88 million denominated in Renminbi ("RMB") and United States Dollars ("USD") (2014: HK\$480 million denominated in RMB and USD) and obligation under finance leases of HK\$1.7 million denominated in HKD (as at 30 September 2014: same).

Charges on Asset

HK\$8.9 million (2014: HK\$9.0 million) of land use rights, HK\$23.2 million (2014: HK\$24.5 million) of buildings and HK\$41.1 million (2014: HK\$162.4 million) of trade receivables of the Group were pledged as security for the Group's bank borrowings.

Management Discussion and Analysis

Summary of key financial ratios

	For the six months ended	
	March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Gross Profit Margin ⁽¹⁾	22%	17%
Return on Equity ⁽²⁾	(19.4%)	6.3%
Interest Coverage Ratio ⁽³⁾	(28.8)	24.1

	As at	As at
	March 31,	September 30,
	2015	2014
	(Unaudited)	(Audited)
Current Ratio ⁽⁴⁾	2.69	1.97
Quick Ratio ⁽⁵⁾	2.13	1.63
Gearing Ratio ⁽⁶⁾	6.3%	27.2%
Debt to Equity Ratio ⁽⁷⁾	(3.87%)	5.8%

- (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 period 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%.

Management Discussion and Analysis

Capital Structure

As at March 31, 2015 and March 31, 2014, the Company's issued share capital was HK\$120,000,000, divided into 1,200,000,000 shares of HK\$0.1 each.

Foreign Exchange and Other Risk

We continued to receive AUD and USD from our sales to major customers during the Period Under Review, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of HKD against RMB may have impact on the Group's results. We hedged AUD exchange risk against HKD during the Period Under Review. We purchased plain foreign-exchange forward contracts to hedge the Group's exposure to foreign-exchange risk and did not enter into any high-risk derivative instrument contracts during the Period Under Review.

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. Any change in price of aluminium could affect the Group's financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

Significant Investment, Material Acquisition and Disposal

During the financial year ended September 30, 2014, PanAsia Aluminium (China) Co., Ltd ("PACL") entered into an agreement with a supplier for acquisition of equipment and machinery for an aggregate consideration of RMB145.3 million. On February 2, 2015, a supplemental agreement was entered into with the supplier to amend the total consideration for the acquisitions from RMB145.3 million (equivalent to approximately HK\$183.5 million) to RMB85.3 million (equivalent to approximately HK\$106.7 million). Details of the acquisition of equipment are set out in the announcements of the Company dated July 3, 2014 and February 12, 2015.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at March 31, 2015 were approximately HK\$150 million (2014: HK\$163 million), which was mainly related to the acquisition of machineries in the PRC.

Contingent Liabilities

As at March 31, 2015, the Group had no contingent liabilities (2014: Nil).

Management Discussion and Analysis

Employee Information and Remuneration Policies

As at March 31, 2015, the Group employed approximately 3,800 staff (2014: 5,300). 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. During the Period Under Review, the Group incurred staff costs (including Directors' emoluments) of HK\$128 million (2014: HK\$157 million).

Investigation

As disclosed in the annual report of 2014, the auditor of the Company has identified certain matters ("**Matters**") during the course of its audit of the consolidated financial statements of the Company for the year ended September 30, 2014 and an investigation on the Matters ("**Investigation**") by an independent professional advisor ("**IPA**") was launched. The Investigation was completed on August 30, 2017. Details of the key findings of the Investigation are set out in the announcement of the Company dated October 6, 2017.

The Company's management has acted in compliance with and fully co-operated with the IPA during the Investigation. All information has been provided to the IPA with regards to the Investigation to the extent that such information existed and was available; interviews were arranged for the IPA to the extent that those arrangements were possible.

The findings of the Investigation that concluded on August 30, 2017 and the relevant steps taken which are relevant to the period ended March 31, 2015 are summarized below:

1. Inventory – Aluminium ingots

As disclosed in the annual report 2014, the Group had prepaid RMB31.6 million (equivalent to HK\$40 million) to a new major supplier ("**Supplier A**"), which was one of the largest aluminium ingots vendors of the Group since August 2013. The Group also had aluminium ingots in-transit of RMB15.8 million (equivalent to HK\$20 million) to be received from Supplier A as at the same date.

The Group has continuously followed up with the Supplier A for subsequent delivery of aluminium ingots. In May 2015, a claim was lodged by the Group against a major aluminium ingot Supplier A through legal proceedings to recover the outstanding balances paid to Supplier A since the Group had not received all its purchases

Management Discussion and Analysis

of aluminium ingots from the Supplier A. On December 29, 2016, the claim was ruled in favor of the Group. Subsequently, the Group entered into a settlement arrangement with Supplier A whereby Supplier A (or **Supplier A's shareholder**) to pay HK\$6,866,000 and dispose of the 8,885,000 shares in the Company held by Supplier A's shareholder to the Company or designated person as instructed by the Company. HK\$6,866,000 was received by the Group from Supplier A's shareholder in August 2017. However, management considered it is impracticable that the 8,885,000 shares in the Company held by Supplier A's Shareholder could be disposed of in view of the suspension of trading of shares of the Company and it is unlikely to estimate the fair value of the shares to be disposed of at this stage. Accordingly, the Group had made an impairment provision against the outstanding prepayment which had been charged to administrative expenses for the Period Under Review.

2. Relationship with Australia Customer A (and Certain Customers in Australia)

The Group had total trade receivable balances of approximately HK\$297 million due from its major Australia Customers, namely, Australia Customer A, Australia Customer B and Customer C as at March 31, 2015.

As disclosed in the annual report 2014, the Management is aware that Pan Manqing ("**Ms. Pan**"), sister of Marcus Pan ("**Mr. Pan**"), the former chairman of the Company, held 70% of the shareholding of Australia Customer A, a customer of the Group during the Current Period, from July 11, 2014 to November 20, 2014. As such, the Management is of the view that Ms. Pan was an associate of a connected person and Australia Customer A also became a connected person of the Group. There is no evidence indicating that Ms. Pan was holding Australia Customer A on behalf of Mr. Pan. The current board of directors of the Company comprising Ms. Shao Liyu, Mr. Zhu Hongtao, Mr. Chan Kai Lun Allan, Mr. Cosimo Borrelli, Ms. Chi Lai Man Jocelyn, Mr. Mar Selwyn, Mr. Chan Kai Nang and Mr. Leung Ka Tin ("**Current Board**") did not consider Australia Customer A and Australia Customer B as related parties of the Group, as the Group did not have significant influence over them. Therefore, sales to Australia Customer A and Australia Customer B are exempted from the disclosure requirements under Hong Kong Accounting Standards 24 "Related Party Transactions".

Management Discussion and Analysis

The Management was not aware of any evidence indicating that Australia Customer B and Customer C were connected persons or related parties, as respectively defined in the Listing Rules and Hong Kong Financial Reporting Standards.

As a result of the claims and winding up proceedings filed by the Group against Australia Customer A and Australia Customer B, both companies were placed into voluntary administration (“**Liquidation**”) in August 2015. According to the liquidation report, Australia Customer A and Australia Customer B have had solvency problem prior to September 30, 2014. Up to the date of this report, the Group has collected and recovered from the Liquidation process a total amount of approximately AUD25 million (equivalent to approximately HK\$139 million) from Australia Customer A and Australia Customer B. No recovery has been made from Customer C. An impairment provision of approximately HK\$95.4 million was made as at September 30, 2014. As of the date of this report, the Liquidation is still in progress.

3. **Mobile business (Sponsorship of a concert)**

During the year ended September 30, 2014, the Group invested HK\$17.5 million in Leading Sense and its subsidiaries (“**Leading Sense Group**”), which were engaged in manufacturing and trading of mobile phones (“**Mobile Business**”). In addition, the Group has also purchased certain inventories and properties, plants and equipment and provided manpower to support the production of the Mobile Business. These advances had been recorded by the Group as amount due from an associated company. The Company has obtained legal advice that the investment in the Leading Sense Group was not a connected transaction of the Group under Chapter 14A of the Listing Rules.

As disclosed in the annual report 2014, since January 2015, no management financial statements of the Leading Sense Group were submitted to the Group and the Management was not able to contact the other shareholders of the Leading Sense Group or the accountant of the Leading Sense Group. In light of the circumstances, the Group ceased its participation in and funding to the Mobile Business so as to avoid further losses to be incurred.

Management Discussion and Analysis

In accordance with HKAS 36, discontinuation of the Mobile Business is an indicator of impairment of the investments in the Leading Sense Group and the properties, plants and equipment purchased.

As a result, the investment in an associated company of HK\$5,893,000 and amount due from an associated company of HK\$39,976,000, after taking into account the subsequent settlement received from Leading Sense Group, had been written off and charged to the administrative expenses for the Period Under Review.

Other Information

DIRECTORS

The directors of the Company in office for the Period Under Review:

Executive Directors

- Ms. Shao Liyu (formerly known as Ms. Shao Lidan) (appointed as chairlady on December 16, 2014)
- Ms. Ng Bonnie Po Ling (appointed as Joint chief executive officer on October 1, 2014 and ceased to be an alternate Director to Mr. Marcus Pan on December 15, 2014)
- Mr. Zhu Hong Tao (appointed on January 1, 2015)
- Mr. Marcus Pan (resigned as chief executive officer on October 1, 2014 and resigned as executive Director and chairman of the Board on December 15, 2014)
- Mr. Liu Hoi Keung (re-designated from an independent non-executive Director on October 1, 2014, appointed as Joint chief executive officer on October 1, 2014)
- Mr. Xing Hui Min (resigned on January 1, 2015)

Non-Executive Directors

- Mr. Lee Hui Fu (resigned on January 1, 2015)

Independent Non-executive Directors

- Mr. Tsang Wah Kwong
- Mr. Cheung Chun Sing Horatio (appointed on October 1, 2014)
- Mr. Tsang Ming Chit Stanley (appointed on February 11, 2015)
- Mr. Chan Nim Leung Leon (resigned on December 4, 2014)

BOARD COMMITTEES

Audit Committee

- Mr. Tsang Wah Kwong (Chairman)
- Mr. Cheung Chun Sing Horatio (appointed on October 1, 2014)
- Mr. Tsang Ming Chit Stanley (appointed on February 11, 2015)
- Mr. Chan Nim Leung Leon (resigned on December 4, 2014)

Remuneration Committee

- Mr. Cheung Chun Sing Horatio (Chairman)
(appointed as member on October 1, 2014 and appointed as chairman on January 1, 2015)
- Ms. Shao Liyu (formerly known as Ms. Shao Lidan) (appointed on December 16, 2014)
- Mr. Tsang Ming Chit Stanley (appointed on February 11, 2015)
- Mr. Tsang Wah Kwong
- Mr. Chan Nim Leung Leon (Chairman) (resigned on December 4, 2014)
- Mr. Marcus Pan (resigned on December 15, 2014)

Nomination Committee

Ms. Shao Liyu (Chairlady) (formerly known as Ms. Shao Lidan)
(appointed as chairlady of the nomination committee on December 16, 2014)
Mr. Tsang Wah Kwong
Mr. Tsang Ming Chit Stanley (appointed on February 11, 2015)
Mr. Cheung Chun Sing Horatio (appointed on October 1, 2014)
Mr. Marcus Pan (Chairman) (resigned on December 15, 2014)
Mr. Chan Nim Leung Leon (resigned on December 4, 2014)

INTERIM DIVIDEND

At the meeting of the Board held on January 19, 2018, the Board did not declare an interim dividend for the six months ended March 31, 2015.

SHARE OPTION SCHEME

On January 18, 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 is 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 dated January 23, 2013 (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 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.

Other Information

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.

SHARE AWARD SCHEME

The Former Board approved the adoption of the share award scheme ("**Share Award Scheme**") of the Company on March 3, 2014 ("**Adoption Date**").

Who May Join

Employee(s) are selected by the Board pursuant to the scheme rules for participation in the Share Award Scheme ("**Selected Employee(s)**").

The Purpose and Objective of the Share Award Scheme

The purposes of the Share Award Scheme are to recognize the contributions by Selected Employees and to give incentives thereto in order to retain them for the continual operation and development of the Group as part of talent retention program of the Group, and to attract suitable personnel for further development of the Group.

Operation of the Share Award Scheme

Bank of Communications Trustee Limited has been appointed as the trustee of the Share Award Scheme ("**Trustee**"). Pursuant to the scheme rules and the trust deed entered into with the Trustee, the Trustee shall purchase from the market or subscribe for the relevant number of Shares awarded out of the Company's resources and shall transfer the relevant Shares to that Selected Employee at no cost in accordance with the scheme rules.

The Share Award Scheme came into effect on March 3, 2014, and shall terminate on the earlier of (i) the tenth (10) anniversary date of the Adoption Date; or (ii) such date of early termination as determined by the Board.

From October 3, 2014 up to March 31, 2015, no Shares were purchased by the Trustee on the market for the purpose of the Share Award Scheme.

No Shares were granted to Employees during the Period Under Review.

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

As at March 31, 2015, 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:

Long Position in the Share

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

Notes:

- (1) Mr. Marcus Pan was the settlor of The Pan Family Trust. By virtue of the SFO, Mr. Marcus Pan was deemed to be interested in the Company’s shares held by Easy Star Holdings Limited (“Easy Star”), which was the registered holder of the 900,000,000 shares. Easy Star was wholly-owned by Marina Star Limited. The entire issued share capital of Marina Star Limited was owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust established by Mr. Marcus Pan as settlor, the beneficiaries of which were family members of Mr. Marcus Pan.
- (2) Ms. Shao Liyu was the spouse of Mr. Marcus Pan at the material time and was deemed to be interested in all the shares in which Mr. Marcus Pan was interested by virtue of the SFO.

Other Information

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at March 31, 2015, 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 or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position in the Share

Name	Capacity	Number of Shares	Approximate Percentage of Shareholding
Easy Star <i>(Note)</i>	Beneficial Owner	900,000,000	75%
Marina Star Limited <i>(Note)</i>	Interest in controlled corporation	900,000,000	75%
HSBC International Trustee Limited <i>(Note)</i>	Trustee	900,000,000	75%

Note:

Easy Star was the registered holder of the 900,000,000 shares. Easy Star was wholly-owned by Marina Star Limited. The entire issued share capital of Marina Star Limited was owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust established by Mr. Marcus Pan as settlor and the beneficiaries included Ms. Shao Liyu.

CORPORATE GOVERNANCE PRACTICES

Given the majority of directors of the Current Board were not the Board members in the Period Under Review, the Current Board, with the best information available, is able to confirm that the Company had the following deviations from the Code on Corporate Governance Practice (“**CG Code**”) set out in Appendix 14 of the Listing Rules.

Chairman and Chief Executive Officer

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

During the period between April 22, 2015 and November 8, 2017, Ms. Shao Liyu was the chairlady and also the CEO of the Company responsible for overseeing the operations of the Group. As the development of the Group during this period required the active involvement of Ms. Shao Liyu, her in-depth knowledge and experience in the industry and her familiarity with the operations of the Group, the then Board considered that it was appropriate for Ms. Shao Liyu to serve both positions at the time. Therefore, following the resignation of Ms. Ng Bonnie Po Ling and Mr. Liu Hoi Keung as Joint CEO on April 22, 2015, Ms. Shao Liyu, the then chairlady, was appointed as CEO on April 22, 2015. The then Board considered that the non-separation of these two roles would not impair the balance of power as all major decisions were made in consultation with members of the Board. Nevertheless, the Company has continued to review its operation and made arrangement to meet the requirement of code provision A.2.1 to Appendix 14 of the Listing Rules where necessary. On November 9, 2017, the Board appointed Mr. Cosimo Borrelli as the Non-Executive Chairman of the Board and Ms. Shao Liyu resigned as the chairlady of the Board (as announced on November 10, 2017). From then on, the roles of the chairman and CEO are separated.

Audit Committee

Under code provision C.3 of the CG Code, the audit committee must meet, at least twice a year, with the issuer’s auditors, and meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise. However, no Audit Committee meeting was held during the Period Under Review.

Other Information

Financial Reporting

Furthermore, subsequent to the year ended September 30, 2014, and as announced on December 19, 2014, the Company has, upon the recommendation of the auditor, resolved to appoint the independent professional adviser ("**IPA**") to investigate into matters raised by the Auditor ("**Issues**"), including but are not limited to, (1) the transactions with a contractor for the construction of the Group's new manufacturing facility in Nanyang, the PRC; (2) the discrepancies found on certain of the Group's inventory receipt records in relation to the Group's raw materials procurement; (3) the relationship between the Group and certain Australia customers; and (4) details and supporting documents on certain expenses. The former Board has established an independent committee, comprising the independent non-executive Directors, to supervise and oversee the investigation of the Issues. As the investigation on the Issues was only concluded in August 2017, the interim results of the Company for the Period Under Review is deferred until the date of this Report. Accordingly, the Company was not able to timely comply with the financial reporting provisions under rules 13.49(1) and 13.49(6) of the Listing Rules in (i) announcing the annual/interim results for year ended September 30, 2015, and 15 months ended December 31, 2016 and the interim results for the six months ended June 30, 2017; (ii) publishing the related interim and annual report for the aforesaid years; and (iii) complying with the Code Provision C.1. The Company has not held its annual general meeting since 2015 for the approval of annual results for the aforesaid years.

CHANGE IN DIRECTOR'S INFORMATION

Save as disclosed above, subsequent to the publication of the latest biographical details of the Current Directors in the 2014 Annual Report of the Company and up to the date of this interim report, there had been no change in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTION

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 based on the best information available, all former Directors holding office as at March 31, 2015 had complied with the Model Code provisions during the Period Under Review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company and any of its subsidiaries have not redeemed any of its listed securities during the Period Under Review. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the Period Under Review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the listing rules during the Period Under Review.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in Note 22 to the condensed consolidated interim financial information, there is no material subsequent event undertaken by the Company or by the Group after March 31, 2015 and up to the date of this interim report.

AUDIT COMMITTEE

The Company has an audit committee ("**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 and the Management have reviewed the accounting principles and practices adopted by the Group, as well as the unaudited consolidated interim financial information for the Period Under Review and has recommended their adoption to the Board.

Other Information

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the six months ended March 31, 2015 has not been audited, but has been reviewed by the Audit Committee of the Company.

By order of the Board

Cosimo Borrelli

Non-Executive Chairman

Hong Kong, January 19, 2018