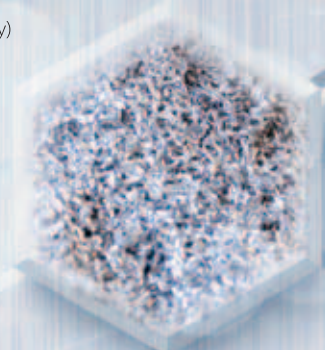


# INTERIM REPORT 2016



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



This Interim Report is printed on environmentally friendly paper.

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# Corporate Information

## DIRECTORS

### Executive Directors

Ms. Shao Liyu  
(Chief Executive Officer (“CEO”))  
Mr. Wong Kwok Wai Eddy  
(appointed on March 2, 2018)

### 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. Leung Ka Tin  
(appointed on February 24, 2017)  
Dr. Cheung Wah Keung  
(appointed on March 22, 2018)

## BOARD COMMITTEES

### Audit Committee

Mr. Mar Selwyn (Chairman)  
(appointed as member on February 8,  
2017 and as Chairman on February 11,  
2017)  
Mr. Leung Ka Tin  
(appointed on February 24, 2017)  
Dr. Cheung Wah Keung  
(appointed on March 22, 2018)

### Remuneration Committee

Dr. Cheung Wah Keung (Chairman)  
(appointed on March 22, 2018)  
Ms. Shao Liyu  
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  
(ceased as chairman but remains as  
a member on November 22, 2017)  
Mr. Mar Selwyn  
(appointed on February 8, 2017)  
Dr. Cheung Wah Keung  
(appointed on March 22, 2018)

## AUTHORIZED REPRESENTATIVES

Ms. Shao Liyu  
(appointed on October 1, 2015)  
Mr. Wong Kwok Wai Eddy  
(appointed on May 11, 2018)

## 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  
("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

Note: Information in this section is as the date of this report.

## PRINCIPAL BANKERS

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

## INDEPENDENT AUDITOR

BDO Limited

## LEGAL ADVISERS

**As to Hong Kong law:**  
Sidley Austin

**As to PRC law:**  
Dacheng Law Offices LLP (Guangzhou)

**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

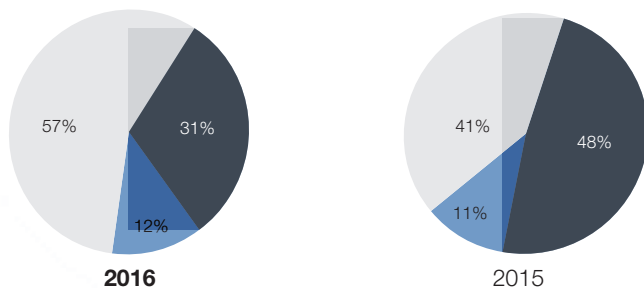
[www.palum.com](http://www.palum.com)

## Financial Highlights and Key Financial Ratios

	For the six months ended March 31,		
	2016 (Unaudited)	2015 (Unaudited)	Change in %
Revenue	<b>HK\$852 million</b>	HK\$1,014 million	-16%
Loss attributable to equity holders of the Company	<b>(HK\$68 million)</b>	(HK\$300 million)	77%
Gross Profit Margin	<b>15%</b>	22%	
Loss per Share (HK cents)	<b>(5.6)</b>	(25.0)	
Return on equity	<b>(5.0%)</b>	(19.4%)	
Interest Coverage Ratio	<b>(3.5)</b>	(28.8)	

	As at March 31, 2016 (Unaudited)	As at September 30, 2015 (Audited)
Current Ratio	<b>1.29</b>	1.48
Quick Ratio	<b>0.98</b>	1.20
Gearing Ratio	<b>30.5%</b>	28.5%
Net Debt to Equity Ratio	<b>22.8%</b>	25.6%

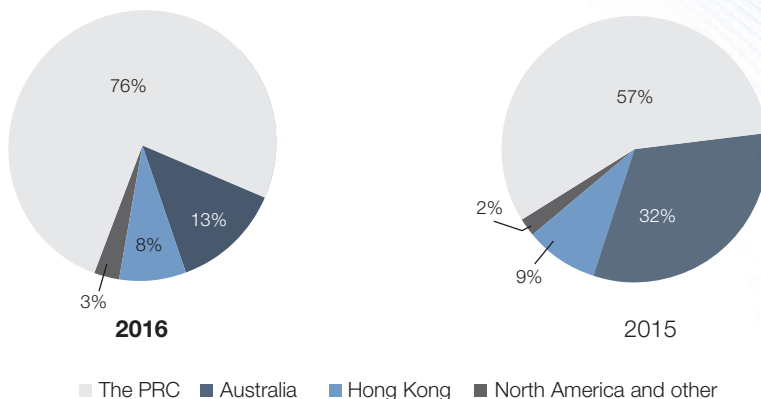
### ANALYSIS OF REVENUE BY PRODUCTS



■ 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 (“**Directors**”) of the Company (“**Board**”) did not declare an interim dividend for the six months ended March 31, 2016 (six months ended March 31, 2015: no interim dividend).

# Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2016

		Unaudited March 31, 2016 HK\$'000	Audited September 30, 2015 HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	819,697	697,613
Land use rights		295,852	296,400
Intangible assets		17,138	–
Investments accounted for using the equity method		480	–
Deposits and lease prepayments		2,774	3,168
Prepayments for property, plant and equipment		42,091	88,909
		<u>1,178,032</u>	<u>1,086,090</u>
<b>Current assets</b>			
Inventories		248,255	202,787
Trade and bills receivables	9	511,168	500,260
Prepayments, deposits and other receivables		72,616	118,674
Due from the investments accounted for using the equity method	20	2,190	–
Due from a related company	20	1,005	1,774
Derivative financial instruments		–	19,442
Pledged bank deposits		101,975	154,629
Fixed bank deposits		–	8,597
Cash and cash equivalents		103,105	41,294
		<u>1,040,314</u>	<u>1,047,457</u>
<b>Total assets</b>		<u>2,218,346</u>	<u>2,133,547</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	10	120,000	120,000
Reserves		1,220,718	1,305,464
<b>Total equity</b>		<u>1,340,718</u>	<u>1,425,464</u>

# Condensed Consolidated Interim Statement of Financial Position

As at March 31, 2016

		Unaudited March 31, 2016 HK\$'000	Audited September 30, 2015 HK\$'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	60,357	–
Obligations under finance leases – non-current portion		8,178	1,291
		<u>68,535</u>	<u>1,291</u>
<b>Current liabilities</b>			
Trade payables	12	193,475	40,502
Other payables and accrued charges		188,749	199,185
Due to a director		–	2,663
Derivative financial instruments		–	4,180
Borrowings	11	324,739	404,818
Obligations under finance leases – current portion		15,082	474
Deferred Income		4,314	–
Current income tax liabilities		82,734	54,970
		<u>809,093</u>	<u>706,792</u>
<b>Total liabilities</b>		<u>877,628</u>	<u>708,083</u>
<b>Total equity and liabilities</b>		<u>2,218,346</u>	<u>2,133,547</u>

The notes on pages 12 to 32 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, 2016

	<i>Notes</i>	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Revenue	7	<b>852,097</b>	1,013,897
Cost of sales	7	<b>(723,611)</b>	(789,627)
<b>Gross profit</b>		<b>128,486</b>	224,270
Distribution and selling expenses	13	<b>(45,961)</b>	(47,431)
Administrative expenses	13	<b>(123,046)</b>	(366,052)
Other income		<b>12,828</b>	8,571
Other losses – net	14	<b>(2,721)</b>	(93,177)
<b>Operating loss</b>		<b>(30,414)</b>	(273,819)
Finance income	15	<b>1,502</b>	1,099
Finance costs	15	<b>(9,859)</b>	(9,854)
Finance costs – net	15	<b>(8,357)</b>	(8,755)
Share of results of investments accounted for using the equity method		<b>(205)</b>	(9,493)
<b>Loss before income tax</b>		<b>(38,976)</b>	(292,067)
Income tax expense	16	<b>(28,697)</b>	(7,988)
<b>Loss attributable to equity holders of the Company</b>		<b>(67,673)</b>	(300,055)

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended March 31, 2016

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	<b>Unaudited Six months ended March 31, 2015 HK\$'000</b>
<i>Notes</i>		
<b>Loss for the period</b>	<b>(67,673)</b>	(300,055)
<b>Other comprehensive income: Item that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	<u>(17,073)</u>	<u>14,941</u>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b><u>(84,746)</u></b>	<b><u>(285,114)</u></b>
<b>Loss per share attributable to the equity holders of the Company (expressed in HK cents per share)</b>	<b><u>(5.6)</u></b>	<b><u>(25.0)</u></b>
<i>18</i>		

The notes on pages 12 to 32 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, 2016

	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
<b>Balance at October 1, 2015</b>	<b>120,000</b>	<b>1,001,287</b>	<b>28,021</b>	<b>276,156</b>	<b>1,425,464</b>
Loss for the period	-	-	-	(67,673)	(67,673)
Other comprehensive income:					
Currency translation differences	-	-	(17,073)	-	(17,073)
Total comprehensive income for the period	-	-	(17,073)	(67,673)	(84,746)
<b>Balance at March 31, 2016</b>	<b>120,000</b>	<b>1,001,287</b>	<b>10,948</b>	<b>208,483</b>	<b>1,340,718</b>

	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
<b>Balance at October 1, 2014</b>	<b>120,000</b>	<b>1,001,287</b>	<b>58,712</b>	<b>612,833</b>	<b>1,792,832</b>
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)
<b>Balance at March 31, 2015</b>	<b>120,000</b>	<b>1,001,287</b>	<b>73,653</b>	<b>312,778</b>	<b>1,507,718</b>

The notes on pages 12 to 32 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, 2016

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Net cash generated from/(used in) operating activities	<b>253,964</b>	(97,817)
Net cash (used in)/generated from investing activities	<b>(207,439)</b>	254,097
Net cash generated from/(used in) financing activities	<b>1,773</b>	(401,591)
Net increase/(decrease) in cash and cash equivalents	<b>48,298</b>	(245,311)
Cash and cash equivalents at beginning of the period	<b>41,294</b>	387,145
Exchange gains on cash and cash equivalents	<b>13,513</b>	13,826
Cash and cash equivalents at end of the period	<b>103,105</b>	155,660

The notes on pages 12 to 32 are an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Statements

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## 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’s shares have 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 May 31, 2018.

## 2 KEY EVENTS

As disclosed in the annual report of 2015, the predecessor auditor of the Company 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 undertaken and resulted in a disclaimer of opinion in the 2015 Independent Auditors Report.

The basis for disclaimer of opinion is set out in the 2015 Independent Auditors Report.

## 3 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended March 31, 2016 has been prepared in accordance with HKAS 34 ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended September 30, 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

# Notes to the Condensed Consolidated Interim Financial Statements

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## 4 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended September 30, 2015, as described in those annual consolidated financial statements.

### (a) Estimation of income tax:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### (b) Changes in accounting policy and disclosures:

(1) Amendments to HKFRSs effective for the financial year ended December 31, 2016 do not have a material impact on the Group.

(2) Impact of standards issued but not yet applied by the Group

#### (i) *HKFRS 9 "Financial Instruments"*

HKFRS 9 "Financial Instruments" addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory for the financial year commencing on April 1, 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

# Notes to the Condensed Consolidated Interim Financial Statements

## 4 ACCOUNTING POLICIES *(Continued)*

### (b) Changes in accounting policy and disclosures: *(Continued)*

#### (ii) HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$20,072,000. The impacts on the Group's financial results and position upon the adoption of HKFRS 16 as lessee of finance leases and operating leases are not expected to be material. The standard is mandatory for the financial year commencing on April 1, 2019. The Group does not intend to adopt the standard before its effective date.

#### (iii) HKFRS 15 "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for the financial year commencing on April 1, 2018.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

## 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 consolidated financial statements for the year ended September 30, 2015.

### 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.

### 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.

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, 2016 and September 30, 2015.

#### At March 31, 2016 (Unaudited)

Group	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Foreign exchange forward contracts	-	-	-	-
<b>Liabilities</b>				
Aluminium future contracts	-	-	-	-

#### At September 30, 2015 (Audited)

Group	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Foreign exchange forward contracts	-	19,442	-	19,442
<b>Liabilities</b>				
Aluminium futures contracts	(4,180)	-	-	(4,180)

# Notes to the Condensed Consolidated Interim Financial Statements

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## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, except as described below, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information for the year ended September 30, 2015.

## 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.

# Notes to the Condensed Consolidated Interim Financial Statements

## 7 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 six months ended March 31, 2016 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	485,964	100,508	265,625	852,097
Cost of sales	(403,104)	(96,065)	(224,442)	(723,611)
Segment gross profit	82,860	4,443	41,183	128,486
Unallocated operating costs				(169,007)
Other income				12,828
Other losses – net				(2,721)
Finance costs – net				(8,357)
Share of results of investments accounted for using the equity method				(205)
Loss before income tax				(38,976)

# 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 results of investments accounted for using the equity method				<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 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, 2016 and 2015 consists of the following:

	Unaudited					
	Six months ended March 31, 2016					
	The PRC	Australia	North	Hong	Others	Total
	HK\$'000	HK\$'000	America	Kong	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover – Sales to external customers	649,312	113,784	16,385	66,813	5,803	852,097
Cost of sales	(558,389)	(96,695)	(13,161)	(50,754)	(4,612)	(723,611)
Gross profit	<u>90,923</u>	<u>17,089</u>	<u>3,224</u>	<u>16,059</u>	<u>1,191</u>	<u>128,486</u>

	Unaudited					
	Six months ended March 31, 2015					
	The PRC	Australia	North	Hong	Others	Total
	HK\$'000	HK\$'000	America	Kong	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	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	(409,874)	(283,228)	(69,395)	(14,123)	(13,007)	(789,627)
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>

# Notes to the Condensed Consolidated Interim Financial Statements

## 8 PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited six months ended March 31, 2016 HK\$'000</b>	Audited year ended September 30, 2015 HK\$'000
Opening net book amount	<b>697,613</b>	581,945
Exchange differences	<b>(14,585)</b>	(17,267)
Additions	<b>173,907</b>	230,806
Disposals	<b>(302)</b>	(23,297)
Depreciation (Note 13)	<b>(36,936)</b>	(74,574)
Closing net book amount	<b><u>819,697</u></b>	<u>697,613</u>

## 9 TRADE RECEIVABLES

	<b>Unaudited March 31, 2016 HK\$'000</b>	Audited September 30, 2015 HK\$'000
Trade receivables – net	<b>467,599</b>	499,892
Bills receivables	<b>43,569</b>	368
Trade and bills receivables – net	<b><u>511,168</u></b>	<u>500,260</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 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 (2015: Same). 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, 2016 HK\$'000	Audited September 30, 2015 HK\$'000
Current	<b>100,771</b>	278,179
1 – 30 days	<b>107,462</b>	62,099
31 – 60 days	<b>62,093</b>	9,961
61 – 90 days	<b>98,477</b>	4,766
91 – 180 days	<b>11,989</b>	71,319
181 days – 1 year	<b>15,448</b>	73,936
Over 1 year	<b>114,928</b>	–
	<b>511,168</b>	500,260

As at March 31, 2016, receivables of HK\$100,771,000 were neither past due nor impaired. (At September 30, 2015: HK\$278,179,000). These receivables relate to customers for whom there is no recent history of default.

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK\$32,167,000 to financial institution or bank in exchange for cash as at March 31, 2016 (as at September 30, 2015: HK\$162,536,000). The transactions have been accounted for as collateralized borrowings (Note 11).

As at March 31, 2016, all trade receivables were non-interest bearing (as at September 30, 2015: Same).

# Notes to the Condensed Consolidated Interim Financial Statements

## 10 SHARE CAPITAL

	Unaudited March 31, 2016		Audited September 30, 2015	
	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, 2016 HK\$'000	Audited September 30, 2015 HK\$'000
Current		
Collateralized borrowings of a financial institution or bank (Note 9)	<b>25,734</b>	146,282
Other loan	<b>295,751</b>	104,397
Bills payables	<b>3,254</b>	154,139
	<b>324,739</b>	404,818
Non-current		
Other loan	<b>60,357</b>	–
	<b>385,096</b>	404,818

As at March 31, 2016, the effective interest rate of the borrowings was 2.49% per annum (At September 30, 2015: 3.64% 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 Statements

## 11 BORROWINGS *(Continued)*

As at March 31, 2016, the Group's banking facilities were secured by the pledge of the Group's land use rights, property, plant & equipment and trade receivables (At September 30, 2015: Same).

## 12 TRADE PAYABLES

As at March 31, 2016 and September 30, 2015, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	<b>Unaudited March 31, 2016 HK\$'000</b>	Audited September 30, 2015 HK\$'000
0 – 30 days	<b>134,214</b>	18,693
31 – 60 days	<b>15,895</b>	13,681
61 – 90 days	<b>18,153</b>	4,638
Over 90 days	<b>25,213</b>	3,490
	<b>193,475</b>	40,502

# Notes to the Condensed Consolidated Interim Financial Statements

## 13 EXPENSES BY NATURE

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Operating loss is stated after charging/ (crediting) the following:		
Auditor's remuneration – current period	<b>1,885</b>	2,500
Operating leases – land and buildings	<b>5,709</b>	13,320
Cost of inventories recognized as expenses	<b>723,611</b>	789,627
Employee benefit expenses	<b>182,856</b>	136,059
Depreciation of property, plant and equipment (Note 8)	<b>36,936</b>	37,325
Amortization of land use rights	<b>161</b>	905
Provision for impairment on prepayment to a supplier for purchases of raw materials	–	16,122
Write off investments accounted for using the equity method	–	5,893
Write off amounts due from an investment accounted for using the equity method	–	39,976
Write off of trade receivables	<b>2,826</b>	181,579

# Notes to the Condensed Consolidated Interim Financial Statements

## 14 OTHER LOSSES – NET

	Unaudited Six months ended March 31, 2016 HK\$'000	Unaudited Six months ended March 31, 2015 HK\$'000
Net exchange gains/(losses)	18,647	(81,057)
(Loss)/gain on derivative financial instruments – foreign exchange forward contracts	(8,236)	3,996
Loss on derivative financial instruments – aluminium future contracts	(13,132)	(16,116)
	<u>(2,721)</u>	<u>(93,177)</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 15 FINANCE INCOME AND COSTS

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Interest income:		
Interest income on bank deposits	<u>1,502</u>	<u>1,099</u>
Finance income	<u>1,502</u>	<u>1,099</u>
Interest expenses:		
Interest expense on bank borrowings	<u>(9,820)</u>	<u>(9,687)</u>
Interest element of finance leases	<u>(39)</u>	<u>(167)</u>
Finance costs	<u>(9,859)</u>	<u>(9,854)</u>
Finance costs – net	<u>(8,357)</u>	<u>(8,755)</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 16 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, 2016.

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, 2016.

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, 2016 (2015: Same).

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Hong Kong profits tax		
– current period	<b>(665)</b>	(496)
– under-provision in prior periods	<b>(28,032)</b>	–
Overseas taxation		
– current period	<b>–</b>	(7,492)
	<b>(28,697)</b>	(7,988)

# Notes to the Condensed Consolidated Interim Financial Statements

## 17 DIVIDENDS

No dividend has been declared by the Company for the six months ended March 31, 2016 and 2015.

## 18 LOSS PER SHARE

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

	<b>Unaudited Six months ended March 31, 2016</b>	Unaudited Six months ended March 31, 2015
Loss attributable to equity holders of the Company (HK\$'000)	<u>(67,673)</u>	<u>(300,055)</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<u>1,199,405</u>	<u>1,199,405</u>
Basic loss per share (HK cents)	<u>(5.6)</u>	<u>(25.0)</u>

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended March 31, 2016 and 2015, respectively.

## 19 CAPITAL COMMITMENTS

	<b>Unaudited March 31, 2016 HK\$'000</b>	Audited September 30, 2015 HK\$'000
Contracted but not provided for – property, plant and equipment	<u>140,848</u>	<u>180,043</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 20 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, 2016 and 2015:

### (i) Sales of goods

	<b>Unaudited Six months ended March 31, 2016</b>	Unaudited Six months ended March 31, 2015
<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
Sales of aluminium extrusion materials Guangzhou Rongjin Curtain Wall Co. Ltd. (“ <b>Rongjin</b> ”) 廣州市榮晉幕牆有限公司 <sup>1</sup> (a), (b)	<b>375</b>	7,023

- 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. Pan who was the chairman of the Board until December 15, 2014.
- (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 Statements

## 20 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:

	<b>Unaudited Six months ended March 31, 2016 HK\$'000</b>	Unaudited Six months ended March 31, 2015 HK\$'000
Salaries, bonus and allowances	<b>6,758</b>	9,539
Pension	<b>55</b>	182
	<b>6,813</b>	9,721

### (iii) Balances with related parties/investment accounted for using the equity method

	<b>Unaudited March 31, 2016 HK\$'000</b>	Audited September 30, 2015 HK\$'000
<i>Notes</i>		
Due from a related company – Rongjin (a), (b)	<b>1,005</b>	1,774
Due from investment accounted for using the equity method	<b>2,190</b>	–

Notes:

- (a) The balances are unsecured, interest-free and repayable on demand.
- (b) The related company is controlled by family member of Mr. Pan who was the chairman of the Board until December 15, 2014.



## 21 EVENTS AFTER THE REPORTING PERIOD

### (a) 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.

### (b) 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.

### (c) Potential disposal of land use rights in Zengcheng

As disclosed in the announcement of the Company dated October 1, 2013, the Company has planned to relocate its current production facilities in Zengcheng in Guangdong Province to Nanyang City in Henan Province.

In late February 2018, the Guangzhou Urban Renewal Bureau announced that the Zengcheng land where the Group's Zengcheng factory situated fell under the Zengcheng city's redevelopment scheme. Subject to formal documentation converting the usage of land from industrial use to commercial and residential use, the Group's Zengcheng production plant moved out from the existing site and there were further discussion and negotiation with relevant government authorities. The Group will likely be benefitted from the potential improvement in value of the Zengcheng land.

As at the date of this report, the transaction has yet to be completed.

# 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, 2016 ("**Period Under Review**") was HK\$852 million (2015 Period: HK\$1,014 million), representing a decrease of 16% as compared with the six months ended March 31, 2015 ("**2015 Period**"). The Group's overall gross profit margin stayed at 15% for Period Under Review which is lower than 2015 Period of 22%. The net loss after tax attributable to equity holders of the Company was HK\$68 million (2015: net loss after tax HK\$300 million). The major reason for the reduction in net loss was absence of or reduction in certain one-off adjustments related to trade receivables and balances of investment accounted for using the equity method.

### Electronics Parts

The Electronics Parts segment contributed HK\$486 million to the total revenue of the Group, representing an increase of 18% as compared with HK\$412 million for the 2015 Period. The gross profit margin of the Electronics Parts has decreased from 29% for the 2015 Period to 17% for the Period Under Review.

### Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment were HK\$266 million (2015 Period: HK\$492 million) and 16% (2015 Period: 18%) for the Period Under Review respectively. The segment also experienced a decrease in revenue and a decrease in gross profit in the Period Under Review. Australian sales have dropped 65% from HK\$324 million in 2015 Period to HK\$114 million for the Period Under Review. The increasing prices of aluminium and other raw materials, have reduced the gross profit margin of the Construction and Industrial Products segment.

# Management Discussion and Analysis

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## **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 12% of the total Group sales in the Period Under Review which is higher than that in the 2015 period of 11% although there was a drop in the gross profit margin from 16% for the 2015 Period to 4% for the Period Under Review.

## **Cost of sales**

With the significant drop in sales, cost of sales decreased by 8% from HK\$790 million for the 2015 Period to HK\$724 million for the Period Under Review. This is more or less in line with the drop in total revenue.

## **Gross profit**

Gross profit declined by 43% from HK\$224 million for the 2015 Period to HK\$128 million for the Period Under Review, there was a decrease in gross profit margin from 22% for the 2015 Period to 15% for the Period Under Review, due to decrease in gross profit margin of the Electronics Parts segment.

## **Distribution and selling expenses**

Distribution and selling expenses decreased by 3% from the 2015 Period to the Period Under Review. The decrease was mainly due to decrease in transportation and travelling expenses.

## **Administrative expenses**

Administrative expenses decreased significantly from HK\$366 million for 2015 Period to HK\$123 million for the Period Under Review. The decrease was mainly due to absence of those one-off adjustments including the write off investment accounted for using the equity method and the amount due from investment accounted for using the equity method, and the write off on receivable.

## **Other losses – net**

Other losses decreased by HK\$90 million or 97% from the 2015 Period to HK\$3 million for the Period Under Review. The decrease comprised realized and unrealized exchange losses arising from the significant depreciation of the Australian dollar (“AUD”) during 2015 Period whereas AUD against HKD was rather stable during the Period Under Review.

# Management Discussion and Analysis

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## **Finance income**

Finance income mainly comprised interest income which was HK\$1.5 million for the Period Under Review compared to HK\$1.1 million in 2015 Period due to higher average balances of bank deposits.

## **Finance costs**

Net finance costs decreased by HK\$0.4 million from HK\$8.8 million for 2015 Period to HK\$8.4 million for the Period Under Review.

## **Income tax expenses**

Income tax expenses of HK\$29 million was mainly due to the prior years under-provision of profits tax assessments for the Period Under Review.

## **Prospects / Future Business Development**

To utilize the opportunities arising from global integration and the “Belt and Road” initiative, the Group has steadily expanded its overseas sales network. We have established subsidiaries in different countries like UK and Singapore and continued to expand our footprint in various regions, laying a solid foundation for the Group’s future business development.

Although sales of Electronics Parts for Period Under Review declined, 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 R&D department is striving diligently to achieve the goals. Recently, the Group has passed the requirements of International Automotive Task Force on IATF16949:2016. Looking forward, the Group will be able to accept sales order for the manufacturing of different aluminium alloy automobile parts and components using extrusion processes.

# Management Discussion and Analysis

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## 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, 2016 the Group had HK\$103 million cash and cash equivalents (as at September 30, 2015: HK\$41 million), no fixed bank deposits (as at September 30, 2015: HK\$9 million), HK\$102 million pledged bank deposits (as at September 30, 2015: HK\$155 million), interest-bearing borrowings of HK\$385 million denominated in Renminbi (“**RMB**”) and United States Dollars (“**USD**”) (as at September 30, 2015: HK\$405 million denominated in RMB and USD) and obligation under finance leases of HK\$23 million denominated in RMB (as at September 30, 2015: HK\$2 million).

## Charges on Asset

HK\$8 million (as at September 30, 2015: HK\$9 million) of land use rights, HK\$19 million (as at September 30, 2015: HK\$21 million) of buildings and HK\$32 million (as at September 30, 2015: HK\$163 million) of trade receivables of the Group were pledged as security for the Group's bank borrowings.

## Capital Structure

As at March 31, 2016 and September 30, 2015, 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.

# Management Discussion and Analysis

## Significant Investment, Material Acquisition and Disposal

On April 8, 2015, PanAsia Aluminium (China) Co., Ltd. (“**PACL**”) entered into a construction contract with 河南冠亞建築工程有限責任公司 (“**Contractor**”) by constructing and building three CNC workshops of the Group’s production facility at Nanyang, with a total consideration of approximately RMB56.9 million (equivalent to approximately HK\$71.9 million). On November 17, 2015, PACL 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 approximately RMB46.6 million (equivalent to approximately HK\$57.6 million). For details, please refer to the announcements of the Company dated April 8, 2015 and November 17, 2015.

On December 18, 2015, the Group entered into an agreement with 吉木薩爾縣國土資源局 (“**JBLR**”) by purchasing a piece of land in that region at consideration of approximately RMB3.6 million (equivalent to approximately HK\$4.4 million), which was waived by the JBLR. Details of the investment agreement are set out in the announcement of the Company dated April 13, 2015. During the Period Under Review, a subsidiary, 吉木薩爾宏睿鋁業有限公司, entered into contracts with several construction contractors and suppliers for construction of production facilities and acquisition of equipment for production of high-end aluminium rods and aluminium rolled products. Total consideration of contracts entered into amounting approximately RMB118.7 million (equivalent to approximately HK\$133.2 million).

## Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at March 31, 2016 were approximately HK\$141 million (as at March 31, 2015: HK\$180 million), which was mainly related to the acquisition of machineries in the PRC.

## Contingent Liabilities

As at March 31, 2016, the Group had no contingent liabilities (as at March 31, 2015: Nil).

## Employee Information and Remuneration Policies

As at March 31, 2016, the Group employed approximately 4,100 staff (as at September 30, 2015: 3,900). 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\$183 million (2015 Period: HK\$136 million).

## Other Information

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### DIRECTORS

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

#### Executive Directors

Ms. Shao Liyu (formerly known as Ms. Shao Lidan) (chairlady and CEO)

Mr. Zhu Hong Tao

Mr. Ma Yu Yan

#### Independent Non-executive Directors

Mr. Tsang Wah Kwong (ceased on January 18, 2016)

Mr. Tsang Ming Chit Stanley (ceased on February 11, 2016)

Mr. Ching Yu Lung (appointed on October 1, 2015 and resigned on February 28, 2016)

Mr. Choi Tze Kit Sammy (appointed on February 11, 2016)

Mr. Lam Kwok Fai Osmond (appointed on March 21, 2016)

Mr. Tang Warren Louis (appointed on March 21, 2016)

### BOARD COMMITTEES

#### Audit Committee

Mr. Choi Tze Kit Sammy (Chairman) (appointed on February 11, 2016)

Mr. Ching Yu Lung (Chairman) (appointed as member on October 1, 2015 and chairman on January 18, 2016 and resigned as chairman on February 11, 2016 and member on February 28, 2016)

Mr. Tsang Wah Kwong (Chairman) (ceased on January 18, 2016)

Mr. Tsang Ming Chit Stanley (ceased on February 11, 2016)

Mr. Lam Kwok Fai Osmond (appointed on March 21, 2016)

Mr. Tang Warren Louis (appointed on March 21, 2016)

#### Remuneration Committee

Mr. Lam Kwok Fai Osmond (Chairman) (appointed on March 21, 2016)

Mr. Tsang Ming Chit Stanley (Chairman) (appointed as chairman on October 1, 2015 and ceased on February 11, 2016)

Ms. Shao Liyu (formerly known as Ms. Shao Lidan)

Mr. Tsang Wah Kwong (ceased on January 18, 2016)

Mr. Ching Yu Lung (appointed on October 1, 2015 and resigned on February 28, 2016)

Mr. Choi Tze Kit Sammy (appointed on February 11, 2016)

Mr. Tang Warren Louis (appointed on March 21, 2016)

### Nomination Committee

Ms. Shao Liyu (formerly known as Ms. Shao Lidan) (Chairlady)  
Mr. Tsang Wah Kwong (ceased on January 18, 2016)  
Mr. Tsang Ming Chit Stanley (ceased on February 11, 2016)  
Mr. Ching Yu Lung (appointed on October 1, 2015 and resigned on February 28, 2016)  
Mr. Choi Tze Kit Sammy (appointed on February 11, 2016)  
Mr. Lam Kwok Fai Osmond (appointed on March 21, 2016)  
Mr. Tang Warren Louis (appointed on March 21, 2016)

### INTERIM DIVIDEND

At the meeting of the Board held on May 31, 2018, the Board did not declare an interim dividend for the six months ended March 31, 2016.

### 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 ("**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 ("**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 Exchange on the date of grant; (b) the average closing price of the shares on the daily quotation sheet of the Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the share.



## Other Information

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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 of directors of the Company ("**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.

During the Period under Review, no Shares were purchased by the Trustee on the market for the purpose of the Share Award Scheme and no Shares were granted to Employees.

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

As at March 31, 2016, 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 (“SFO”)) required to be notified to the Company and the 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 (“Model Code”), are as follows:

### Long Position in the Share

Name of Director	Nature of Interest	Number of Securities	Approximate percentage of Shareholding
Ms. Shao Liyu <sup>(Note)</sup>	Interest of spouse	900,000,000	75%

#### Notes:

Ms. Shao Liyu was the spouse of Mr. Marcus Pan at the relevant time. 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, the beneficiaries of which were family members of Mr. Marcus Pan. By virtue of the SFO, Ms. Shao Liyu was deemed to be interested in all the shares in which Mr. Marcus Pan was interested.

## 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, 2016, 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 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.

During the Period Under Review, no audit committee meeting was held with the auditor. In order to fully address the issues raised by the then auditor during the course of its audit, an independent committee (“**Independent Committee**”), comprising independent non-executive Directors, was established to supervise and oversee the investigations conducted by an Independent Professional Advisor who was appointed to investigate into matters raised by the then auditor. The duties of the audit committee were therefore discharged through the Independent Committee.

## Other Information

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### Financial Reporting

Furthermore, subsequent to the Period Under Review, and as announced on December 19, 2014, the Company has, upon the recommendation of the then 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 are 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 fifteen months ended December 31, 2016 and year ended December 31, 2017; (ii) publishing the related interim and annual report for the aforesaid years; and (iii) complying with the Code Provision C.1.

The Company did not hold its annual general meetings in 2016 and 2017 while an annual general meeting of the Company and its adjournment have been held on January 10, 2018 and January 24, 2018 to approve the audited consolidated financial statements for the year ended September 30, 2014. The Board will convene an annual general meeting in the near future to approve the audited consolidated financial statements for the year ended September 30, 2015, for the fifteen months ended December 31, 2016 and for the year ended December 31, 2017.

For more details, please refer to the Company's announcements dated January 10, 2018 and January 24, 2018.

### **MODE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the Directors. The Company has based on the best information available, all former Directors holding office as at March 31, 2016 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 21 to the condensed consolidated interim financial information, there is no material subsequent event undertaken by the Company or by the Group after March 31, 2016 and up to the date of this interim report.

## Other Information

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### 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 comprises three members who are the independent non-executive Directors, namely Mr. Mar Selwyn, Mr. Leung Ka Tin and Dr. Cheung Wah Keung.

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 six months ended March 31, 2016 and has recommended their adoption to the Board.

### REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the six months ended March 31, 2016 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, May 31, 2018