PanAsialum Holdings Company Limited
榮 陽 實 業 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2078)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

Financial Highlights

- Revenue for the year ended September 30, 2015 was approximately HK$1,822 million, decreased by 35% as compared with approximately HK$2,827 million for the year ended September 30, 2014;
- Gross profit for the year ended September 30, 2015 was approximately HK$362 million, decreased by 35% as compared with approximately HK$554 million for the year ended September 30, 2014;
- Loss attributable to equity holders for the year ended September 30, 2015 was approximately HK$337 million, as compared with profit of approximately HK$2.6 million for the year ended September 30, 2014; and
- Basic (loss)/earnings per share for the year ended September 30, 2015 amounted to (28.1) HK cents (year ended September 30, 2014: 0.2 HK cents).

The board (the "**Board**") of directors (the "**Directors**") of PanAsialum Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the consolidated annual results of the Group for the year ended September 30, 2015 (the "**Year Under Review**"), together with the comparative figures as below.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*4*	**1,821,850**	2,826,639
Cost of sales	*9*	**(1,460,107)**	(2,272,839)
Gross profit		**361,743**	553,800
Distribution and selling expenses	*9*	**(85,563)**	(125,241)
Administrative expenses	*9*	**(522,514)**	(484,154)
Other income	*10*	**19,422**	147,819
Other losses – net	*11*	**(62,357)**	(43,700)
Operating (loss)/profit		**(289,269)**	48,524
Finance income		**1,204**	2,954
Finance costs		**(16,134)**	(18,326)
Finance costs – net		**(14,930)**	(15,372)
Share of loss of an associated company	*13*	**(9,493)**	(2,130)
(Loss)/profit before income tax		**(313,692)**	31,022
Income tax expense	*12*	**(22,985)**	(28,457)
(Loss)/profit attributable to equity holders of the Company		**(336,677)**	2,565

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(30,691)**	(1,991)
Total comprehensive (loss)/income attributable to equity holders of the Company		**(367,368)**	574
(Loss)/earnings per share attributable to equity holders of the Company			
Basic (HK cents per share)	*15*	**(28.1)**	0.2
Diluted (HK cents per share)	*15*	**(28.1)**	0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**697,613**	581,945
Land use rights		**296,400**	15,149
Investment in an associated company		**–**	15,399
Deposits and lease prepayments		**3,168**	612
Prepayments for property, plant and equipment	*5b*	**88,909**	64,605
Prepayments for land use rights		**–**	290,690
		1,086,090	968,400
Current assets			
Inventories		**202,787**	294,063
Trade and bills receivables	*5a*	**500,260**	858,927
Prepayments, deposits and other receivables	*5b*	**118,674**	109,527
Due from a related company	*7, 8*	**1,774**	4,200
Due from an associated company	*7*	**–**	26,807
Derivative financial instruments		**19,442**	4,144
Pledged bank deposits		**154,629**	–
Fixed bank deposits		**8,597**	–
Cash and cash equivalents		**41,294**	387,145
		1,047,457	1,684,813
Total assets		**2,133,547**	2,653,213
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**120,000**	120,000
Reserves		**1,305,464**	1,672,832
Total equity		**1,425,464**	1,792,832

	Notes	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Obligations under finance leases – non-current portion		**1,291**	6,032
		1,291	6,032
Current liabilities			
Trade payables	*6*	**40,502**	128,512
Other payables and accrued charges	*6*	**199,185**	207,106
Amount due to a director	*7*	**2,663**	2,663
Derivative financial instruments		**4,180**	–
Borrowings		**404,818**	479,919
Obligations under finance leases – current portion		**474**	1,693
Current income tax liabilities		**54,970**	34,456
		706,792	854,349
Total liabilities		**708,083**	860,381
Total equity and liabilities		**2,133,547**	2,653,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

PanAsialum Holdings Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") are principally engaged in the manufacturing and trading of aluminium products. The Company is an investment holding company. The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 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 (the "**HKSE**") since February 5, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 Investigation

In 2014, the then former board of directors of the Company (the "**Former Board**") was informed by its auditor of certain findings during the course of their audit of the Company's consolidated financial statements for the year ended September 30, 2014. As a result, the Former Board established an independent committee which had engaged an independent professional adviser to perform an investigation (the "**Investigation**") on the following matters (i) discrepancies in aluminium ingots receipt and consumption records and recoverability of prepayments to certain suppliers; (ii) transactions with a contractor for the construction of the Group's new manufacturing facility in Nanyang city, the People's Republic of China (the "**PRC**"); (iii) recoverability of receivables from, and possible relationship with, certain customers in Australia; and (iv) certain transactions conducted through personal bank accounts. The Investigation was completed in August 2017. Moreover, the Company also engaged a legal adviser to identify any possible relationship between the Group and an associated company.

The Investigation had a number of limitations in respect of the nature and extent of the procedures conducted. During the course of the preparation of the consolidated financial statements of the Company for the year ended September 30, 2015, the current board of directors of the Company (the "**Current Board**") had taken into account the following findings of the Investigation, considered the relevant information and supporting evidence available; and had used their best effort to estimate the relevant financial impact of the matters identified in the Investigation. The Current Board considered it appropriate to make certain adjustments to the Company's consolidated financial statements for the year ended September 30, 2015 in respect of the following matters:

(A) Recoverability of prepayments to a supplier

In the normal course of business, the Group prepays its suppliers for purchase of aluminium ingots, including prepayments made to a major supplier ("**Supplier A**"), which was one of the largest aluminium ingots vendor of the Group since August 2013. As described in section (B) below, there were possible connections between Supplier A and certain of the Group's customers in Australia. During the year ended September 30, 2014, the Group made an impairment provision of RMB25,999,000 (equivalent to HK$33,014,000) against the prepayments made to Supplier A after considering the subsequent cash collections and deliveries of aluminium ingots. As at September 30, 2014, the Group had net outstanding prepayments of RMB21,486,000 (equivalent to HK$27,170,000) to Supplier A.

During the year ended September 30, 2015, the Group continued to make prepayments to Supplier A totalling RMB12,696,000 (equivalent to HK$16,043,000) for the purchase of aluminium ingots. The Group had continuously followed up with the Supplier A for subsequent delivery of aluminium ingots. However, no aluminium ingots were subsequently delivered to the Group by Supplier A in relation to the prepayments made during the year ended September 30, 2015. In this connection, a claim was lodged by the Group in May 2015 against Supplier A through legal proceedings in the PRC to recover certain outstanding balances paid to Supplier A. On December 29, 2016, the PRC court ruled in favour of the Group which had recovered a cash settlement of RMB5,430,000 (equivalent to HK$6,866,000).

After taking into account the amount of RMB5,430,000 (equivalent to HK$6,866,000) recovered through the legal proceedings against Supplier A, the Current Board considered that it is unlikely to recover the remaining outstanding amounts of RMB12,696,000 (equivalent to HK$16,043,000). Hence, a further impairment provision of RMB12,696,000 (equivalent to HK$16,043,000) had been made and included in the administrative expenses during the year ended September 30, 2015 (see Note 5). As at September 30, 2015, the net outstanding prepayments made to Supplier A was RMB5,430,000 (equivalent to HK$6,866,000) (2014: RMB21,486,000 (equivalent to HK$27,170,000)), after netting off the total impairment provision of RMB38,695,000 (equivalent to HK$49,057,000) (2014: RMB25,999,000 (equivalent to HK$33,014,000)).

(B) *Recoverability of receivables from, and possible relationship with, certain customers in Australia*

A customer in Australia together with its subsidiaries and affiliates (collectively the "**Australia Customers**") was one of the Group's largest customers. Due to a group restructuring of the Australia Customers, two new companies were incorporated in Australia in April 2014 ("**Australia Customer A**" **and** "**Australia Customer B**"). In May 2014, Australia Customer A agreed to assume, from the Australia Customers, the payment obligations of the trade payables to the Group totalling HK$319,503,000. Since May 2014, Australia Customer B had begun to act as an import agent for Australia Customer A.

Based on the findings of the Investigation, the sister of the former chairman of the Company held 70% of the shareholding of Australia Customer A and was a director of Australia Customer A during the period from July 11, 2014 to November 20, 2014. She was the deputy financial controller of a PRC subsidiary of the Company since late October 2014, but resigned from such position in November 2014. Moreover, the address of the sole shareholder of Australia Customer B appeared to be the same as that stated on a copy of the personal identity card of a relative of the former chairman of the Company. The Investigation further identified potential connections between some of the Australia Customers and Supplier A which shared common shareholders' names and addresses since August 30, 2013. Despite the above, the Current Board did not consider the Australia Customers, Australia Customer A and Australia Customer B as related parties of the Group, as the Group did not have significant influence over them and there was also no evidence indicating that the sister of the former chairman of the Company held her shares in Australia Customer A on his behalf.

The Group stopped trading directly with Australia Customer A in July 2014 and continued the trading business with Australia Customer B until March 2015. Although the Group had continuously demanded for settlement, both Australia Customer A and Australia Customer B delayed in settlement and the outstanding trade receivables became long overdue. The Group also noticed a downside business impact on Australia Customer A and Australia Customer B following the significant increase in anti-dumping duty imposed on foreign imports from Mainland China to Australia in February 2015. In view of the above, the Group filed a claim with a court in Australia and issued winding up petitions against Australia Customer A and Australia Customer B in July 2015. During the year ended September 30, 2014, the Group has written off total outstanding trade receivables of HK$69,306,000 and HK$15,056,000 due from Australia Customer A and Australia Customer B, respectively after taking into account the subsequent collections and balances recovered from the winding up petitions against them. As at September 30, 2014, the Group had net trade receivables of HK$154,954,000 and HK$141,730,000 due from Australia Customer A and Australia Customer B respectively.

During the year ended September 30, 2015, while there were no sales to Australia Customer A, sales to Australia Customer B amounted to HK$241,902,000. During the year ended September 30, 2015, after taking into account the subsequent collections and balances recovered from the winding up petitions against them, the Group recognized a further write-off to administrative expenses of the outstanding trade receivables of HK$137,806,000 due from Australia Customer B in relation to the sales executed in the same year (see Note 5).

During the year ended September 30, 2014, the Group also made sales to another new customer in Australia ("**Customer C**"), which was incorporated in the British Virgin Islands. Based on the information in the winding up petitions against Australia Customer B, certain goods sold to Customer C were resold to Australia Customer B. During the year ended September 30, 2014, the Group had written off the outstanding trade receivables of HK$15,740,000 due from Customer C. As at September 30, 2014, the Group had net outstanding trade receivables of HK$20,386,000 due from Customer C.

During the year ended September 30, 2015, the Group recognized revenue of HK$36,352,000 for sales to Customer C. However, Customer C had delayed its settlement, and the Group had continuously demanded Customer C for settlement but in vain. The Group had therefore recognized an additional write-off of the outstanding trade receivables from Customer C of HK$36,352,000 to administrative expenses during the year ended September 30, 2015 (see Note 5).

(C) Impairment of investment in and advances to, and possible relationship with, an associated company

In August 2014, the Group invested an amount of HK$17,524,000 to acquire a 45% equity interest in Leading Sense Limited ("**Leading Sense**"), which was principally engaged in manufacturing and trading of mobile phones (the "**Mobile Business**"). Leading Sense was accounted for as an associated company.

As at September 30, 2014, the Group had an outstanding advance of HK$26,807,000 to Leading Sense and its subsidiaries (the "**Leading Sense Group**"). During the year ended September 30, 2015, the Group had made further advances to Leading Sense Group and the total amounts due from Leading Sense Group amounted to HK$44,841,000 as at September 30, 2015.

According to the findings of a legal adviser of the Company, one of the registered shareholders of Leading Sense might have a possible connection with the former chairman of the Company. Despite this, the Current Board did not consider such person and Leading Sense as related parties of the Group, as the Group did not have significant influence over them before the subscription of the issued share capital of Leading Sense in August 2014.

Upon the acquisition in August 2014, management of the Company was provided with, on a monthly basis, the management accounts of Leading Sense Group which had been unavailable since January 2015. In addition, the other shareholders or the management of Leading Sense Group ceased to be contactable since January 2015. Based on the latest management accounts for the three months ended December 31, 2014 of Leading Sense Group available, management estimated the Group's attributable share of loss of Leading Sense Group to be HK$9,493,000, which had been recorded as share of loss from an associated company during the year ended September 30, 2015.

As the management of the Company was unable to obtain further financial information and in view of the financial position of Leading Sense Group as well as the discontinuation of the Mobile Business in 2015, the Current Board decided to write off the investment in an associated company of HK$5,893,000 and the amount due from an associated company totalling HK$44,841,000. The total amounts written off were charged to administrative expenses in the Company's consolidated financial statements for the year ended September 30, 2015 (see Note 13).

(D) Off-book transactions conducted through personal bank account and off-book cash transactions

During the year ended September 30, 2015, the Current Board identified certain records (the "**Off-book Transaction Records**") setting out certain transactions taken place during the period from January 2015 to June 2017. The Off-book Transactions Records recorded certain transactions conducted through a personal bank account opened in the name of the spouse of an employee of the Group (the "**Personal Bank Account**"), together with the details of certain cash transactions conducted (collectively referred to as "**Off-book Transactions**").

The Personal Bank Account was opened in January 2015 and was closed in June 2017. The Off-book Transaction Records and the Personal Bank Account were operated and controlled by an employee in the finance department of PanAsia Aluminium (China) Co., Ltd. The Off-Book Transaction Records indicated that there were proceeds from sales of scraps which were either received in cash or deposited into the Personal Bank Account. The proceeds were then used for payments of salaries to employees of the Group or expense reimbursements to certain employees of the Group, including the chief executive officer and an executive director of the Company.

While the bank statement of the Personal Bank Account was provided by the bank, the relevant underlying supporting was not available. The reimbursements to employees of the Group were only evidenced by internal payment application forms without any underlying supporting or documentary evidence.

Based on the Off-book Transaction Records, the total proceeds from sales of scraps amounted to HK$8,199,000 and the total payments of expenses amounted to HK$7,848,000 for the year ended September 30, 2015.

The Current Board considered these Off-book Transactions were attributable to the Group and therefore should be included in the Company's consolidated financial statements for the year ended September 30, 2015. As a result, total other income of HK$8,199,000 and administrative expenses of HK$7,848,000 were adjusted and recorded in the Company's consolidated statement of comprehensive income for the year ended September 30, 2015. In addition, other receivables of HK$251,000 and cash of HK$100,000 were adjusted and recorded in the Company's consolidated statement of financial position as at September 30, 2015.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

(a) New, revised or amended standards and interpretation adopted by the Group

The following new, revised or amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after October 1, 2014:

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

The adoption of the above new, revised or amended standards and interpretation did not result in substantial changes to the accounting policies of the Group and had no material impact on the preparation of the Group's consolidated financial statements.

(b) New and amendments to standards, interpretations and improvements not yet adopted

The following new and amendments to standards, interpretations and improvements 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:

		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, except the following set out below:

HKFRS 9, 'Financial instruments'
The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial instruments: recognition and measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 'Revenue from contracts with customers', lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after January 1, 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before February 1, 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

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 contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized 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.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognized as an asset under HKFRS 15.

- Rights of return HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

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.

HKFRS 15 is mandatory for financial years commencing on or after January 1, 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, 'Leases'
HKFRS 16 will result in almost all leases being recognized 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 recognized. 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 Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$14,669,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after January 1, 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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

4. SEGMENT INFORMATION

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

The description of each reportable product segment is as follows:

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

The segment information for the operating segments for the year ended September 30, 2015 is as follows:

	Electronics parts *HK$'000*	Branded OPLV products *HK$'000*	Construction and industrial products *HK$'000*	Total *HK$'000*
Sales to external customers	**792,326**	**249,233**	**780,291**	**1,821,850**
Cost of sales	**(614,554)**	**(208,138)**	**(637,415)**	**(1,460,107)**
Segment gross profit	**177,772**	**41,095**	**142,876**	**361,743**
Unallocated operating costs				**(608,077)**
Other income				**19,422**
Other losses – net				**(62,357)**
Finance costs – net				**(14,930)**
Share of loss of an associated company				**(9,493)**
Loss before income tax				**(313,692)**

The segment information for the operating segments for the year ended September 30, 2014 is as follows:

	Electronics parts *HK$'000*	Branded OPLV products *HK$'000*	Construction and industrial products *HK$'000*	Total *HK$'000*
Sales to external customers	1,453,293	332,581	1,040,765	2,826,639
Cost of sales	(1,096,456)	(299,951)	(876,432)	(2,272,839)
Segment gross profit	356,837	32,630	164,333	553,800
Unallocated operating costs				(609,395)
Other income				147,819
Other losses – net				(43,700)
Finance costs – net				(15,372)
Share of loss of an associated company				(2,130)
Profit before income tax				31,022

The analysis of the Group's revenue and gross profit from external customers attributed to the locations in which the sales originated during the years ended September 30, 2015 and 2014 consists of the following:

	2015					
	The PRC ***HK$'000***	**Australia** ***HK$'000***	**North America** ***HK$'000***	**Hong Kong** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
Sales to external customers	**1,164,220**	**435,851**	**31,796**	**143,076**	**46,907**	**1,821,850**
Cost of sales	**(927,563)**	**(353,873)**	**(26,579)**	**(108,283)**	**(43,809)**	**(1,460,107)**
Gross profit	**236,657**	**81,978**	**5,217**	**34,793**	**3,098**	**361,743**

	2014					
	The PRC *HK$'000*	Australia *HK$'000*	North America *HK$'000*	Hong Kong *HK$'000*	Others *HK$'000*	Total *HK$'000*
Sales to external customers	1,882,113	756,979	23,034	107,592	56,921	2,826,639
Cost of sales	(1,459,876)	(644,258)	(21,951)	(91,809)	(54,945)	(2,272,839)
Gross profit	422,237	112,721	1,083	15,783	1,976	553,800

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

	2015	2014
	HK$'000	*HK$'000*
PRC Customer A	**788,802**	1,427,739
Australia Customers	**–**	374,561
Australia Customer B	**241,902**	218,983

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

	2015	2014
	HK$'000	*HK$'000*
The PRC	**1,072,023**	954,979
Hong Kong	**6,805**	11,055
Other countries	**7,262**	2,366
	1,086,090	968,400

5. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Trade and bills receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**657,016**	954,212
Less: Write off on trade receivables	**(157,124)**	(95,475)
Trade receivables – net	**499,892**	858,737
Bills receivables	**368**	190
Trade and bills receivables – net	**500,260**	858,927

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on 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.

As of September 30, 2015, total trade receivables of HK$157,124,000 were written off (2014: HK$95,475,000). These written off receivables related to individual customers, namely, Australia Customer A, Australia Customer B and Customer C.

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

As at September 30, 2015, the ageing analysis of the trade and bills receivables based on due date was as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**278,179**	627,706
1 – 30 days	**62,099**	63,566
31 – 60 days	**9,961**	13,216
61 – 90 days	**4,766**	58,800
91 – 180 days	**71,319**	95,637
181 days – 1 year	**73,936**	2
	500,260	858,927

As at September 30, 2015, receivables of HK$278,179,000 were neither past due nor impaired (2014: HK$627,706,000). These receivables relate to customers for whom there is no recent history of default.

As at September 30, 2015, trade receivables of HK$222,081,000 were past due but not impaired (2014: HK$231,221,000). These relate to a number of independent customers that have a good track record of payment with the Group. No impairment provision was made as at September 30, 2015 (2014: Same).

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK$162,536,000 to bank in exchange for cash as at September 30, 2015 (2014: HK$162,351,000). The transactions have been accounted for as collateralized borrowings.

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

As at September 30, 2015, the carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
AUD	**125,983**	329,980
RMB	**93,458**	142,667
USD	**260,889**	359,174
HKD	**19,930**	27,106
	500,260	858,927

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

(b) Prepayment, deposits and other receivables

As at September 30, 2015, breakdown of prepayments, deposits and other receivables was as follows:

	2015	2014
	HK$'000	*HK$'000*
Non-current portion:		
Deposits and lease prepayments	**3,168**	612
Prepayments for property, plant and equipment *(Note i)*	**88,909**	64,605
Prepayments for land use rights	**–**	290,690
	92,077	355,907
Current portion:		
Prepayment to suppliers for purchases of materials *(Note ii)*	**25,297**	42,565
Deposits placed for purchase of materials *(Note iii)*	**21,236**	19,285
Others	**72,141**	47,677
	118,674	109,527

Note i: An amount of RMB2,736,000 (equivalent to HK$3,474,000) in relation to the Nanyang Construction had been written off to administrative expenses during the year ended September 30, 2014.

Note ii: As disclosed in Note 2.1.1(A), impairment provision of HK$16,043,000 (2014: HK$33,014,000) against the outstanding prepayments to Supplier A had been charged to the administrative expenses during the year ended September 30, 2015.

A total impairment provision of HK$49,057,000 had been made against the prepayment to Supplier A as at September 30, 2015.

Note iii: The balance of HK$21,236,000 represents deposits placed with the institution to secure the Group's margin accounts for the purchase of aluminium (2014: HK$19,285,000), of which HK$18,905,000 was restricted for the purchase of aluminium as at September 30, 2015 (2014: HK$18,980,000). The deposits are non-interest bearing.

The other classes within trade and other receivables do not contain impaired assets (2014: Same).

6. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**40,502**	128,512
Deposits received	**31,203**	34,069
Accrued employee benefit expenses	**37,607**	45,550
Accrued operating expenses	**26,518**	41,061
Provision for sales rebate and claim to customers	**3,804**	5,844
Payable for purchase of property, plant and equipment	**20,493**	24,730
Other payables and accruals	**79,560**	55,852
Total other payables and accrued charges	**199,185**	207,106
Trade payables, other payables and accrued charges	**239,687**	335,618

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**18,693**	54,010
31 – 60 days	**13,681**	27,772
61 – 90 days	**4,638**	8,255
Over 90 days	**3,490**	38,475
	40,502	128,512

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

	2015	2014
	HK$'000	*HK$'000*
AUD	**2,896**	–
RMB	**37,296**	104,309
USD	**–**	19,700
HKD	**310**	4,503
	40,502	128,512

7. DUE FROM A RELATED COMPANY, DUE FROM AN ASSOCIATED COMPANY AND DUE TO A DIRECTOR

(i) Due from a related company:

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

(ii) Due from an associated company:

During the year ended September 30, 2014, the Group had advanced a total balance of HK$26,807,000 to Leading Sense and its subsidiaries. The balance is unsecured, interest-free and has no fixed term.

During the year ended September 30, 2015, the Group had made further advances to Leading Sense and its subsidiaries from which total balance due amounted to HK$47,503,000.

As disclosed in Note 2.1.1(C), investment in an associated company of HK$5,893,000 and amount due from an associated company totalling HK$44,841,000, after taking into account the settlement received from Leading Sense Group, had been written off and charged to the administrative expenses for the year ended September 30, 2015.

(iii) Due to a director:

On August 28, 2014, PanAsia Enterprises and Mr. Pan entered into the deed of assignment pursuant to which Mr. Pan agreed to assign to PanAsia Enterprises the loan originally due to Mr. Pan by Leading Sense Group, for a cash consideration of HK$2,663,000. PanAsia Enterprises will pay such consideration to Mr. Pan at any time upon his request. The balance is unsecured, interest-free and has no fixed term. Subsequently, PanAsia Enterprises received the loan repayment from Leading Sense Group in July 2015.

8. RELATED PARTY TRANSACTIONS

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

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years ended September 30, 2015 and 2014:

(i) Sales of goods

	Notes	**2015** *HK$'000*	2014 *HK$'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)	**6,988**	25,633

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

Notes:

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

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

(ii) Key management compensation

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

	2015 *HK$'000*	2014 *HK$'000*
Salaries, bonus and allowances	**16,416**	15,375
Pension	**313**	431
	16,729	15,806

(iii) Balances with related parties

	Notes	2015 HK$'000	2014 HK$'000
Due from a related company Rongjin	*(a), (b)*	**1,774**	4,200
Due from an associated company Leading Sense	*(a)*	**–**	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, for the year ended September 30, 2015.

9. EXPENSES BY NATURE

Expenses included in cost of sales, distribution and selling expenses and administrative expenses are analyzed as follows:

	2015 HK$'000	2014 HK$'000
Auditor's remuneration – current year	**5,000**	10,300
Operating leases – land and buildings	**28,840**	25,249
Changes in inventories of finished goods and work in progress	**49,656**	18,082
Raw materials and consumables used	**1,137,516**	1,957,109
Loss on disposal of property, plant and equipment	**2,832**	1,659
Employee benefit expenses	**260,803**	323,206
Depreciation:		
– Owned property, plant and equipment	**73,787**	66,022
– Leased property, plant and equipment	**787**	840
Amortization of land use rights	**290**	771
Write off on property, plant and equipment	**–**	50,713
Provision for impairment on prepayment to a supplier for purchases of raw materials *(Note 5b)*	**16,043**	33,014
Write off on prepayment to a supplier for purchases of property, plant and equipment *(Note 5b)*	**–**	3,474
Write off of investment in associate *(Note 13)*	**5,893**	–
Write off of amounts due from an associated company *(Note 13)*	**44,841**	–
Write off of trade receivables	**174,158**	100,102
Legal and professional fees	**12,028**	34,919

10. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Government grant *(Note)*	**–**	145,726
Forfeiture of customer deposits	**692**	859
Insurance claims	**236**	485
Scrap sales	**13,508**	–
Others	**4,986**	749
	19,422	147,819

Note:

Government grant amounting to HK$145,726,000 (RMB114,759,000) represented incentive receivable from People's Government of Wolong District ("**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 at the Nanyang Optoelectronics Industry Cluster Area in Nanyang City, Henan Province, the PRC ("**Nanyang City**"). All grants had been received during the year ended September 30, 2014.

11. OTHER LOSSES – NET

	2015	2014
	HK$'000	*HK$'000*
Net exchange losses	**(64,640)**	(31,466)
Gain on derivative financial instruments – foreign exchange forward contracts	**28,035**	827
Loss on derivative financial instruments – aluminium futures contracts	**(25,752)**	(13,061)
	(62,357)	(43,700)

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended September 30, 2015 (2014: Same).

The Group's operations in the PRC are subject to the PRC corporate income tax. No PRC corporate income tax has been provided as the Group has no estimated assessable profit for the year ended September 30, 2015 (2014: Same). The standard PRC corporate income tax rate was 25% for the year ended September 30, 2015 (2014: Same).

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, OPAL is exempted from Macao Complementary Tax during the year ended September 30, 2015 (2014: Same).

	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current year	**1,213**	337
Overseas taxation		
– current year	**21,772**	28,120
	22,985	28,457

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

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

13. INVESTMENT IN AN ASSOCIATED COMPANY

On August 28, 2014, PanAsia Enterprises Group Limited ("**PanAsia Enterprises**"), a wholly-owned subsidiary of the Company, entered into the subscription agreement pursuant to which PanAsia Enterprises agreed to subscribe for the shares of the Leading Sense Limited ("**Leading Sense**"), a company incorporated in the British Virgin Islands, which represent 45% issued share capital of Leading Sense. The consideration for the subscription was HK$17,524,000.

The associated company has issued share capital consisting solely of ordinary shares, with 2,000 ordinary shares of US$1 each.

Leading Sense is an investment holding company. Leasing Sense and its subsidiaries are principally engaged in the development, production and trading of smart phones, electronics products and related parts and components.

There are no contingent liabilities relating to the Group's interest in the associated company.

The amounts recognized in the consolidated statement of financial position are as follows:

	2015	2014
	HK$'000	*HK$'000*
Investment in an associated company	**–**	15,399

	2015	2014
	HK$'000	*HK$'000*
At October 1	**15,399**	–
Investment cost	**–**	17,524
Share of loss of an associated company	**(9,493)**	(2,130)
Share of other comprehensive income	**(13)**	5
Write off	**(5,893)**	–
At September 30	**–**	15,399

The amounts recognized in the consolidated statement of comprehensive income are as follows:

	2015	2014
	HK$'000	*HK$'000*
Share of loss:	**(9,493)**	(2,130)

As disclosed in Note 2.1.1, write off of investment in associate and amounts due from an associated company of HK$5,893,000 and HK$44,841,000, respectively, had been charged to the administrative expenses for the year ended September 30, 2015.

14. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended September 30, 2015 (2014: Nil).

15. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2015	2014
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(336,677)**	2,565
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	**1,199,405**	1,095,018
Basic (loss)/earnings per share (HK cents)	**(28.1)**	0.2

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year (excluding the ordinary shares held for share award scheme) with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the shares under the share award scheme.

	2015	2014
(Loss)/profit attributable to equity holders of the Company (HK$'000)	**(336,677)**	2,565
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	**1,199,405**	1,095,018
Adjustment for shares held for share award scheme (thousands)	**–**	287
	1,199,405	1,095,305
Diluted (loss)/earnings per share (HK cents)	**(28.1)**	0.2

16. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequently to September 30, 2015:

(a) Construction in Nanyang, PRC

On November 17, 2015, PACL entered into a construction contract with the 河南冠亞建築工程有限責任公司 by constructing and building a workshop at the Group's production facility at Nanyang, with total consideration of RMB46,641,000 (equivalent to approximately HK$57,602,000).

(b) Investment in Xinjiang

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 consideration of approximately RMB3,592,000, which was waived by the JBLR.

(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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

PricewaterhouseCoopers were engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended September 30, 2015:

BASIS FOR DISCLAIMER OF OPINION

Scope Limitations Relating to Findings of the Investigation

As a result of the matters identified in the independent investigation (the "**Investigation**") conducted by an independent professional adviser as described in Note 2.1.1 to the consolidated financial statements, we had planned to conduct extended procedures in the audit of the Company's consolidated financial statements as at and for the year ended September 30, 2014 (the "**2014 Audit**"), but had encountered various limitations in the 2014 Audit.

The Group has taken into account of the findings of the Investigation when it prepared the consolidated financial statements as at and for the year ended September 30, 2015. Due to the findings of the Investigation and taken into consideration of the scope limitations encountered in the 2014 Audit, we have continued to plan to conduct extended procedures in the audit of the Company's consolidated financial statements as at and for the year ended September 30, 2015. However, the scope limitations encountered in the 2014 Audit remained unresolved, and there were also other limitations, as outlined below.

(1) *Recoverability of prepayments to a supplier*

As described in Note 2.1.1(A) to the consolidated financial statements, the Group recognized an impairment provision of RMB25,999,000 (equivalent to HK$33,014,000) against the prepayments made to Supplier A as at September 30, 2014. During the year ended September 30, 2015, the Group continued to make prepayments to Supplier A totalling RMB12,696,000 (equivalent to HK$16,043,000) for the purchase of aluminium ingots; however, no aluminium ingots were subsequently delivered to the Group by Supplier A in relation to the prepayments made during the year ended September 30, 2015. After taking into account the amount of RMB5,430,000 (equivalent to HK$6,866,000) recovered through the legal proceedings against Supplier A as described in Note 2.1.1(A), the Group had made a further impairment provision of RMB12,696,000 (equivalent to HK$16,043,000) during the year ended September 30, 2015.

Management was unable to provide us with satisfactory evidence about the background of Supplier A, as well as the business rationale and commercial substance of the prepayments made to Supplier A. We were unable to obtain the confirmation reply from Supplier A to confirm the amounts of aluminium ingots purchase from it during the year ended September 30, 2015 as well as the outstanding prepayment balances to Supplier A as at the same date. We were also unable to interview with Supplier A to ascertain the amounts and nature of the prepayments made to Supplier A.

As such, we were unable to obtain sufficient and appropriate documentary evidence to ascertain the nature, occurrence, accuracy, completeness and presentation of the total prepayments made to Supplier A of RMB12,696,000 (equivalent to HK$16,043,000) during the year ended September 30, 2015. There were also no alternative audit procedures that we could perform to satisfy ourselves as to whether the impairment charge of RMB12,696,000 (equivalent to HK$16,043,000) recognized during the year ended September 30, 2015 and the net prepayment balance to suppliers of HK$25,297,000 as at the same date were fairly stated. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

(2) *Recoverability of receivables from, and possible relationship with, certain customers in Australia*

A customer in Australia together with its subsidiaries and affiliates (collectively the "**Australia Customers**") was one of the Group's largest customers. Due to a group restructuring of the Australia Customers, two new companies were incorporated in Australia in April 2014 ("**Australia Customer A**" and "**Australia Customer B**"). In May 2014, Australia Customer A agreed to assume, from the Australia Customers, the payment obligations of the trade payables to the Group totalling HK$319,503,000. Since May 2014, Australia Customer B had begun to act as an import agent for Australia Customer A.

Meanwhile, the Group started making sales to another new customer ("**Customer C**") during the year ended September 30, 2014.

As described in Note 2.1.1(B) to the consolidated financial statements, the Investigation revealed possible connections between certain relatives of the former chairman of the Company with Australia Customer A and Australia Customer B. There were also possible connections between some of the Australia Customers and Supplier A. In addition, there was evidence indicating that certain goods sold to Customer C were resold to Australia Customer B.

Furthermore, Australia Customer A and Australia Customer B delayed in settlement and the outstanding trade receivables from them became long overdue as at September 30, 2014. Customer C had delayed its settlement which the Group had continuously demanded for settlement but in vain. After taking into account the subsequent collections and balances recovered from the relevant legal actions described in Note 2.1.1(B) to the consolidated financial statements, total outstanding trade receivables of HK$100,102,000 from Australia Customer A, Australia Customer B and Customer C were written off during the year ended September 30, 2014.

During the year ended September 30, 2015, while there were no sales to Australia Customer A, the Group continued to record sales to Australia Customer B and Customer C of HK$241,902,000 and HK$36,352,000, respectively. The trade receivable balances (before the current year write-off) outstanding from Australia Customer B and Customer C were HK$225,398,000 and HK$32,797,000, respectively as at September 30, 2015.

Furthermore, Australia Customer B delayed in settlement and the outstanding trade receivables from it became long overdue as at September 30, 2015. Customer C had delayed its settlement which the Group had continuously demand for settlement but in vain. After taking into account the subsequent collections and balances recovered from the relevant legal actions described in Note 2.1.1(B) to the consolidated financial statements, total trade receivables from Australia Customer B and Customer C of HK$137,806,000 and HK$36,352,000, respectively, in relation to the sales executed during the year ended September 30, 2015, had been written off in the same year.

Management was not able to provide us with sufficient information and explanations about the background of Australia Customer A and Australia Customer B as well as their relationship with the Australia Customers, and the business rationale to accept the assignment of trade receivables of HK$319,503,000 from the Australia Customers to Australia Customer A (which was newly incorporated in April 2014). We were also unable to obtain satisfactory explanations and adequate evidence from management to ascertain the relationship, if any, between the Group and Australia Customer A and Australia Customer B, and between Customer C and Australia Customer B and/or Australia Customer A (and thus the relationship of Customer C, if any, with the Group), nor were we able to interview the relevant counterparties identified in the Investigation. We were also unable to obtain the satisfactory confirmation replies from Australia Customer A, Australia Customer B and Customer C to confirm the trade receivable balances with them as at September 30, 2015.

Management was also not able to provide us with adequate documentary evidence to support the rationale of recognizing the write-off of trade receivables from Australia Customer B and Customer C totalling HK$174,158,000 during the year ended September 30, 2015, and of the impairment assessment of the outstanding trade receivables from Customer C.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to satisfy ourselves as to:

(i) whether the Group had any related party relationships with the Australia Customers, Australia Customer A, Australia Customer B and Customer C, and thus the accuracy and completeness of the disclosures of related party balances and transactions in the Company's consolidated financial statements as at and for the year ended September 30, 2015; and

(ii) whether the write-off of trade receivables from Australia Customer B and Customer C totalling HK$174,158,000 recognized during the year ended September 30, 2015 and the total write-off amounts of trade receivables from Australia Customer A, Australia Customer B and Customer C of HK$274,260,000 recognized up to September 30, 2015 were fairly stated; and whether these write-offs were recognized in the proper accounting periods.

Consequently, we were unable to determine whether any adjustment to these amounts and disclosures was necessary.

(3) Impairment of investment in and advances to, and possible relationship with, an associated company

As described in Note 2.1.1(C) to the consolidated financial statements, the Group had in August 2014 invested an amount of HK$17,524,000 to acquire a 45% equity interest in Leading Sense Limited ("**Leading Sense**"), which was accounted for as an associated company. As at September 30, 2015, the Group had an outstanding advance of HK$44,841,000 (before write-offs) to Leading Sense and its subsidiaries (the "**Leading Sense Group**").

Based on the findings of a legal adviser of the Company, possible connection between one of the registered shareholders of Leading Sense and the former chairman of the Company was identified.

Management was not able to obtain the financial information of Leading Sense Group nor were they able to contact the other shareholders or management of Leading Sense Group since January 2015. Based on management's collectability assessment, the Group had written off its investment in an associate company of HK$5,893,000 and amounts due from an associated company of HK$44,841,000 during the year ended September 30, 2015.

Management was not able to provide us with the details of the background of Leading Sense's shareholders as well as the business rationale and commercial substance of the advances to the Leading Sense Group. No satisfactory confirmation reply was obtained by us from Leading Sense in relation to the outstanding advance balance. We were also unable to obtain satisfactory explanations and adequate evidence from management to ascertain whether there are other relationships between Leading Sense Group and the Group, nor were we able to interview with the relevant counterparties in relation to the investment in Leading Sense. Management was also unable to provide us with satisfactory explanations and adequate information to support their impairment assessment of the investment and advance balances, together with the basis and rationale of recognizing the write-off during the year ended September 30, 2015. We were also unable to obtain the latest financial information of Leading Sense Group for the year ended September 30, 2015 nor were we able to get access to the financial records and interview with the management of the Leading Sense Group. We were thus unable to ascertain the share of loss and share of net assets from Leading Sense Group recognized by the Group as at and during the year ended September 30, 2015.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to satisfy ourselves as to:

(i) the business rationale and the commercial substance of the advances to the Leading Sense Group;

(ii) the existence/occurrence, accuracy and completeness of the Group's advances to Leading Sense Group;

(iii) whether the effects of these transactions had been properly accounted for, classified and disclosed, including whether the write off of the investment and amounts due from an associate company totalling HK$50,734,000 together with the related cash flows presentation for the year ended September 30, 2015 were fairy stated and whether such write-offs were recognized in the proper accounting periods;

(iv) whether the investment in an associated company of HK$nil and the share of its loss of HK$9,493,000 were fairly stated in the Company's consolidated financial statements as at and for the year ended September 30, 2015; and

(v) whether the Group had any related party relationships with Leading Sense Group before its investment in August 2014, and thus the accuracy and completeness of the disclosures of related party balances or transactions in the Company's consolidated financial statements as at and for the year ended September 30, 2015.

Consequently, we were unable to determine whether any adjustment to these amounts and disclosures was necessary.

(4) Off-book transactions conducted through personal bank account and off-book cash transactions

As described in Note 2.1.1(D), during the year ended September 30, 2015, the current board of directors of the Company (the "**Current Board**") identified certain records setting out certain off-book transactions taken place during the period from January 2015 to June 2017 that were conducted either through a personal bank account opened in the name of the spouse of an employee of the Group or in cash. These off-book transactions were not previously accounted for or recorded in the Company's consolidated financial statements.

These off-book transaction records indicated that there were proceeds from sales of scraps, which were then used for payments of salaries to employees of the Group or expense reimbursements to certain employees of the Group, including the chief executive officer and an executive director of the Company. The total proceeds from sales of scraps amounted to HK$8,199,000 and the total payment of expenses amounted to HK$7,848,000 for the year ended September 30, 2015.

The Current Board considered these off-book transactions were attributable to the Group, and therefore total other income of HK$8,199,000 and administrative expenses of HK$7,848,000 were recorded in the Company's consolidated statement of comprehensive income for the year ended September 30, 2015; and other receivables of HK$251,000 and cash of HK$100,000 were recorded in the Company's consolidated statement of financial position as at September 30, 2015.

Management did not maintain adequate and full underlying supporting and documentary evidence for these off-book transactions. We were also not able to obtain satisfactory and adequate underlying supporting evidence from the relevant bank for these off-book transactions as shown in the bank statements. Despite making our requests through management, we were unable to obtain certain of the confirmation replies from nor were we able to arrange interviews with certain of the counterparties involved in these off-book transactions. We were also not able to obtain sufficient evidence to assess whether there are other off-book transactions not recorded by the Group.

Because of the above scope limitations, there were no alternative audit procedures that we could perform to satisfy ourselves as to:

(i) the occurrence, accuracy, valuation, rights and obligations, existence and completeness of the off-book transactions and balances; and the related tax impacts, if any; and

(ii) whether the information and documents provided to us for the purpose of our audit were complete and accurate in all material respects, and whether the Company's consolidated financial statements and the notes to the consolidated financial statements as at and for the year ended September 30, 2015 are free from material misstatements.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements and as to whether consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 year ended September 30, 2015 ("**Year Under Review**") was HKD1,822 million (2014: HKD2,827 million), representing a decrease of 35% as compared with the year ended September 30, 2014. The Group's overall gross profit margin stayed at 20% for the Year Under Review and was the same as the year ended September 30, 2014; and the net profit after tax attributable to shareholders has turned from net profit into a net loss position of HKD337 million (2014: Net profit after tax HKD2.6 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) certain one-off adjustments including the write-off of investment in associate and the amount due from the associated company and the write off of trade receivables from Australian Customers; and (iii) the weak performance of the Australian Dollars ("**AUD**") in the Year Under Review.

Comparing the Year Under Review with the year ended September 30, 2014, revenue from the Electronics Parts segment, that from the Construction and Industrial Products segment and that from the Branded OPLV Products segment has dropped by 45%, 25% and 25% respectively.

Revenue contributions by respective segments for the years ended September 30, 2015 and 2014 are presented below:

	Revenue for the year ended September 30		The percentage of total revenue for the year ended September 30	
	2015	2014	**2015**	2014
	(HKD million)	*(HKD million)*		
Business Segment				
– Electronics Parts	**793**	1,453	**43.5%**	51.4%
– Construction and Industrial Products	**780**	1,041	**42.8%**	36.8%
– Branded OPLV Products	**249**	333	**13.7%**	11.8%
Total	**1,822**	2,827	**100.0%**	100.0%
Geographical Segment				
– The PRC	**1,164**	1,883	**63.9%**	66.6%
– Australia	**436**	756	**23.9%**	26.8%
– North America	**32**	23	**1.8%**	0.8%
– Hong Kong	**143**	108	**7.8%**	3.8%
– Others	**47**	57	**2.6%**	2.0%
Total	**1,822**	2,827	**100.0%**	100.0%

Electronics Parts

The Electronics Parts segment contributed approximately HKD793 million to the total revenue of the Group, representing a decrease of 44% as compared with HKD1,453 million for the year ended September 30, 2014 due to a decline in sales order from a major customer. Therefore, there was a slight decrease of gross profit margin from 25% to 22%.

Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment are HKD780 million (2014: HKD1,041 million) and 18% (2014: 16%) respectively for the Year Under Review. There was a 33% increase in sales from customer in Hong Kong but a drop of 42% in the sales to Australia. As the selling price to the Australian market is in AUD, the continual weakening of AUD in 2015, together with increasing prices of aluminum and other raw materials, have hindered the export sales to Australian customers.

Branded OPLV Products

The Group has continued the Branded OPLV Products market in Mainland China by engaging new distributors for selling Branded OPLV Products. Sales declined from HKD333 million in the year ended September 30, 2014 to HKD249 million for the Year Under Review. The gross profit margin of Branded OPLV Products increased from 10% for the year ended September 30, 2014 to 16% for the Year Under Review. Facing the fierce competition in the door and windows market, along with the low gross profit margin and high marketing costs, the Branded OPLV Products segment continued to be loss-making operation in this fiscal year.

In order to enlarge the market shares, the Group (i) will continue to explore new customers especially in the Electronics parts segment in order to lessen the reliance on top customers; (ii) promote new products to Australian customers specifically those new products which are not subject to anti-dumping duties and; (iii) continue to look for other measures and opportunities that may minimize the impact of fluctuation of foreign currency to the Group's performance.

Cost of sales

With the significant drop in sales, cost of sales decreased by 36% from HKD2,273 million for the year ended 30 September 2014 to HKD1,460 million for the Year Under Review. This is in line with the decrease in sales from HKD2,827 million for the year ended September 30, 2014 to HKD1,822 million for the Year Under Review.

Gross profit

Despite of the drop of gross profit from HKD554 million for the year ended September 30, 2014 to HKD362 million for the Year Under Review, our gross profit margin remained at 20% for current and last fiscal years. Decline in sales of lower gross profit margin products and replaced with higher priced products have resulted the Company securing the gross profit margin for this fiscal year. Persisting unfavorable macro factors, including the volatility in each of the market we operate; the depreciation of AUD against our reporting currency which affected the selling price and the profit of the Group's export sales to Australia; and the uncertainty over the economic condition in China, have dampened consumer sentiment and reduced the demand of our products. While the strategy and action plans highlighted above to minimize the impact on the Group's profitability are being executed, it will take some time to adjust all the necessary measures.

Distribution and selling expenses

Distribution and selling expenses decreased by 32% from HKD125 million for the year ended September 30, 2014 to HKD86 million for the Year Under Review. The decrease was in line with the drop in sales, which led to a significant decrease in the transportation expenses and travelling expense.

Administrative expenses

Administrative expenses rose by 8% from HKD484 million for the year ended September 30, 2014 to HKD523 million for the Year Under Review. The increase was mainly due to one-off adjustments including the provision for impairment on prepayment to a supplier for purchase of raw materials, the write-off of investment in associate and the amount due from the associate company, and the write off of trade receivables of HKD241 million arised from the transaction with the Group's former supplier and customer which are set out in Note 2.1.1 of the Company's consolidated financial statement in the annual report.

Other income

Other income comprised sales of scrapped materials which was HKD19 million for the Year Under Review.

Other losses – net

Other losses increased from a HKD44 million loss for the year ended September 30, 2014 to a HKD62 million loss for the Year Under Review. The increase was mainly due to the exchange losses arising from the devaluation of AUD against HKD as the Group had significant amount of accounts receivable due from Australia customers.

Finance income

Finance income mainly comprised interest income which was HKD1 million for the Year Under Review compared to HKD3 million in last fiscal year.

Finance costs

Net finance costs remained at HKD15 million for current and last fiscal years.

Income tax expense

Our income tax changed from income tax expense of HKD28 million for the year ended September 30, 2014 to HKD23 million for the Year Under Review.

Currency translation differences

Currency translation differences was around HKD31 million for the Year Under Review, which was mainly attributable to the weakening of AUD against the HKD.

Prospects

Sales of Electronics Parts continued to pick up with new products and new customers being developed. The Group will continue to strengthen its research and development capability to develop more new products with high quality to meet the market demand.

The Group will continue to look for opportunities to develop new customer base and new markets other than Hong Kong and Macau.

As disclosed in the announcement of the Company dated October 1 2013, the Company planned to relocate its current production facilities in Zengcheng in Guangdong Province to Nanyang City in Henan Province, the PRC and establish a new aluminium alloy production base there. With the new Nanyang facility, the Group can integrate better its existing production facilities and expand its production capacity further to meet the growing demand of high quality products.

Phase 1 of the Group's integrated manufacturing facility for aluminium alloy products in Nanyang begun production on October 23, 2015.

Details of the construction and commencement of the production of the Nanyang production facility are set out in the announcements of the Company dated April 8, 2015, October 23, 2015 and November 17, 2015.

On April 10, 2015, PanAsia Aluminium (Hong Kong) Limited ("**PAHK**"), a wholly-owned subsidiary of the Company, entered into an investment agreement with the Jimsar County Government by establishing and investing in a new wholly owned subsidiary with an estimated aggregate capital of at least RMB200 million (equivalent to approximately HKD254 million) at Xinjiang to produce high-end aluminium rods and aluminium rolled products ("**Xinjiang Project**"). On December 18, 2015, the Group entered into an agreement with Jimsar Bureau of Land and Resources吉木薩爾縣國土資源局("**JBLR**") by purchasing a piece of land in that region as consideration of approximately RMB3.6 million (equivalent to approximately HKD4.4 million), which was waived by the JBLR.

Aluminium ingots are the principal raw material for the Group's production process. The Company smelts the aluminium ingots and turns them into aluminium rods which incurs high cost and wastage. The establishment of a production base in Jimsar of Xinjiang would enable the Group to produce aluminium rods by skipping the ingot smelting process and save production costs and time. It is also expected to provide a more stable source of supply of raw material to the Group.

Details of the investment agreement for the Xinjiang Project are set out in the announcement of the Company dated April 13, 2015.

The Group has entered into a conditional sales and purchase agreement to dispose of its equity of OPLV (Nanyang) Doors and Windows Systems Co., Ltd and OPLV Architectural Design Pty Ltd subsequent to the year-end date of the Year Under Review. Details of the disposal of the OPLV are set out in the section "Events after the reporting period" in the notes to the consolidated financial statements of this annual report and the announcement of the Company dated December 28, 2017.

Liquidity and Financial Resources

The Group principally finances its operations through a combination of shareholders' equity, internally generated cash flow and borrowings. As at September 30, 2015 the Group had HKD41.3 million cash and cash equivalents (2014: HKD387.1 million) and had HKD8.6 million fixed bank deposits (2014: nil), HKD154.6 million pledged bank deposits (2014: nil), interest-bearing borrowings of HKD404.8 million denominated in Renminbi ("**RMB**") and United States Dollars ("**USD**") (2014: HKD480 million denominated in RMB and USD) and obligation under finance leases of HKD1.8 million denominated in HKD (2014: HKD7.7 million denominated in HKD).

Charges on Asset

HKD8.5 million (2014: HKD9.0 million) of land use rights, HKD21.1 million (2014: HKD24.5 million) of buildings and HKD162.5 million (2014: HKD162.4 million) of trade receivables of the Group were pledged as security for the Group's bank borrowings.

Summary of key financial ratios

	For the year ended September 30, 2015	2014
Gross Profit Margin (1)	**19.9%**	19.6%
Return on Equity (2)	**(23.6%)**	0.14%
Interest Coverage Ratio (3)	**(18.52)**	2.53

	As at September 30, 2015	As at September 30, 2014
Current Ratio (4)	**1.48**	1.97
Quick Ratio (5)	**1.20**	1.63
Gearing Ratio (6)	**28.5%**	27.2%
Debt to Equity Ratio (7)	**(25.6%)**	5.6%

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

(2) The calculation of Return on Equity is based on profit for the year divided by total equity and multiplied by 100%.

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

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

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

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

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

Capital Structure

As at September 30, 2015 and September 30, 2014, the Company's issued share capital was HKD120,000,000, divided into 1,200,000,000 shares of HKD0.1 each.

Foreign Exchange and Other Risk

We continued to receive AUD and USD from our sales to major customers during the Year 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 Year 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 Year 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 HKD183.5 million) to RMB85.3 million (equivalent to approximately HKD106.7 million). Details of the acquisition of equipment are set out in the announcements of the Company dated July 3, 2014 and February 12, 2015.

On April 8, 2015, PACL entered into a construction contract with 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 total consideration of approximately RMB56.9 million (equivalent to approximately HKD71.9 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 total consideration of approximately RMB46.6 million (equivalent to approximately HKD57.6 million). For details, please refer to the announcements of the Company dated April 8, 2015 and November 17, 2015.

On April 10, 2015, PAHK entered into an investment agreement in respect of the Xinjiang Project. According to the investment agreement, the Group would purchase land of approximately 200 mu (畝) (approximately 133,000 square meters) Xinjiang Project and the land would be developed in two phases within 16 months. On December 18, 2015, the Group entered into an agreement with JBLR by purchasing a piece of land in that region as consideration of approximately RMB3.6 million (equivalent to approximately HKD4.4 million), which was waived by the JBLR. Details of the investment agreement for the Xinjiang Project are set out in the announcement of the Company dated April 13, 2015.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at September 30, 2015 were approximately HKD180 million (2014: HKD163 million), which was mainly related to the acquisition of machineries in the PRC.

Contingent Liabilities

As at September 30, 2015, the Group had no contingent liabilities (2014: Nil).

Subsequent 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.

(b) *Changes of Directors subsequent to reporting period up to the date of this report are as follows:*

- Ms. Shao Liyu (ceased as the chairlady of the Company on November 9, 2017)

- Ms. Ng Bonnie Po Ling (ceased as an executive Director on October 1, 2015 as the expiration of her term.)

- Mr. Liu Hoi Keung (ceased as a Director on October 1, 2015 as the expiration of his term.)

- Mr. Ma Yu Yan (ceased as an executive Director on May 9, 2017 due to health reason.)

- Mr. Cheung Chun Sing Horatio (ceased as independent non-executive Director on October 1, 2015 as the expiration of his term.)

- Mr. Tsang Wah Kwong (ceased as an independent non-executive Director on January 18, 2016 as he required more time to pursue his other business engagements.)

- Mr. Tsang Ming Chit Stanley (ceased as independent non-executive Director on February 11, 2016 as he required more time to pursue his other business engagements.)

- Mr. Ching Yu Lung (appointed as an independent non-executive Director on October 1, 2015 and ceased on February 28, 2016 as he would like to devote more time to his other work commitments.)

- Mr. Choi Tze Kit Sammy (appointed as an independent non-executive Director on February 11, 2016 and ceased on February 11, 2017 as the expiration of his term.)

- Mr. Lam Kwok Fai Osmond (appointed as an independent non-executive Director on March 21, 2016 and ceased on March 21, 2017 as the expiration of his term.)

- Mr. Tang Warren Louis (appointed as an independent non-executive Director on March 21, 2016 and ceased on March 21, 2017 as the expiration of his term.)

- Mr. Cosimo Borrelli (appointed as a non-executive Director on May 27, 2016 and appointed as the Non-Executive Chairman of the Company on November 9, 2017)

- Ms. Chi Lai Man Jocelyn (appointed as a non-executive Director on May 27, 2016)

- Mr. Mar Selwyn (appointed as an independent non-executive Director on February 8, 2017)

- Mr. Chan Kai Nang (appointed as an independent non-executive Director on February 24, 2017)

- Mr. Leung Ka Tin (appointed as an independent non-executive Director on February 24, 2017)

- Mr. Chan Kai Lun Allan (appointed as an executive Director on March 27, 2017)

(c) Conditions for the Company's Resumption for Trading. Trading in the Shares has been suspended since December 17, 2014:

As disclosed in the Company's announcement dated March 17, 2015, the Stock Exchange has imposed the following conditions for the resumption of trading in the shares of the Company:

(a) the Company conducted an appropriate investigation on the issues raised by the auditor of the Company during the course of their audit of the results of the Company for the Year Under Review, disclosed the findings and took any remedial actions;

(b) the Company published all outstanding financial results and addressed any audit qualifications;

(c) the Company demonstrated that it had put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules; and

(d) the Company informed the market of all material information.

As disclosed by the Company dated December 19, 2014, the Company has set up a First Independent Committee comprising two independent non-executive directors of the Company, Mr. Tsang Wah Kwong (as chairman of the committee) and Mr. Cheung Chun Sing Horatio, to supervise and oversee the investigation (as defined on page 48).

As disclosed by the Company on March 17, 2015, the First Independent Committee had engaged an independent legal adviser and appointed IPA to perform the Investigation.

Following the departure of Mr. Cheung Chun Sing Horatio on October 1, 2015, Mr. Tsang Wah Kwong became the sole member of the Independent Committee. The Independent Committee was dissolved on January 8, 2016 after noting the departure of the sole member of the committee, Mr. Tsang Wah Kwong with effect from January 18, 2016.

The Company received a report on Investigation from the IPA on January 18, 2016.

The Independent Committee was re-formed on February 11, 2016 when Mr. Choi Tze Kit Sammy, an independent non-executive Director was appointed to follow up any outstanding matters of the Investigation and engaging the IPA to carry out further investigation and related work. On March 21, 2016, Mr. Lam Kwok Fai Osmond and Mr. Tang Warren Louis were appointed as independent non-executive Directors, and became members of the Independent Committee. Subsequently, there were following changes in the members of the Independent Committee:

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)
Mr. Choi Tze Kit Sammy (appointed on February 11, 2016 and ceased on February 11, 2017)
Mr. Lam Kwok Fai Osmond (appointed on March 21, 2016 and ceased on March 21, 2017)
Mr. Tang Warren Louis (appointed on March 21, 2016 and ceased on March 21, 2017)

The IPA finalised and issued the investigation report to the Independent Committee on the findings of the Investigation on August 30, 2017 and based on which, the Independent Committee, with the assistance of its legal adviser, has since completed the report of the Independent Committee setting out the key findings of the Investigation and its recommendations presented to the Current Board on September 1, 2017.

The findings of the Investigation are set out by the announcement of the Company dated October 6, 2017 and the related finding and the management's assessments are set out from pages 48 to 50 of this report.

In May 2017, the Company engaged Crowe Horwath (HK) Corporate Consultancy Ltd. ("**Internal Control Advisor**") as an internal control consultant for reviewing and revising the Company internal policies and procedures which the Company adopted on July 20, 2017. The Internal Control Advisor has identified a number of internal control deficiencies in the Group and the Group has reviewed those findings and taken necessary action to address the internal control deficiencies. The findings of the Internal Control Advisor have been announced in the announcement of the Company dated October 16, 2017.

(d) On December 28, 2017, the Company (through its wholly-owned subsidiaries) as the vendors, the purchasers, which are companies beneficially owned by Ms. Shao Liyu ("**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 ("**OPNY**") and OPLV Architectural Design Pty Ltd ("**OPAD**"). The vendors shall also procure the accounts receivable to be transferred or assigned to the purchasers, all at an aggregate consideration of RMB20 million.

On the same date, the Company, the purchasers, OPNY and OPAD entered into the management service agreement, pursuant to which the Company shall provide administrative and management support to purchasers and their subsidiaries/affiliates for one (1) year at a fee of HK$200,000 per month.

Contemporaneously, the Company and Lumy House Limited, one of the purchasers, entered into the framework agreement, pursuant to which Lumy House Limited shall engage the Company and/or its subsidiaries as the OPNY and OPAD and its subsidiaries' (collectively, "**OPLV Group**") manufacturer and supplier for the OPLV Group's business.

Upon Completion, the Group will cease to have any interest in the OPLV Group and its financial results will no longer be consolidated into the Company's consolidated financial statements.

Details of the above transactions are set out in the announcement of the Company dated December 28, 2017.

Employee Information and Remuneration Policies

As at September 30, 2015, the Group employed approximately 3,900 staff (2014: 4,700). 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 Year Under Review, the Group incurred staff costs (including Directors' emoluments) of HKD238 million (2014: HKD287 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 ("**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.

Findings of the Investigation and relevant steps taken

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

1. Inventory – Aluminium Ingots

   As disclosed in the annual report 2014, the Group had prepaid RMB31.6 million (equivalent to approximately HKD40 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 approximately HKD20 million) to be received from Supplier A as at the same date.

   In May 2015, a claim was lodged by the Group against Supplier A through legal proceedings to recover the outstanding balances paid to Supplier A since the Group had not received all its purchases 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 HKD6,866,000 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. HKD6,866,000 was received by the Group from Supplier A's shareholder in August 2017. However, the 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 impairment provision amounted to RMB13 million (equivalent to HKD16 million) has been included in the administrative expenses during the Year Under Review (see Note 5(b)). The Management is of the view that such impairment is not substantial to cause material adverse change to the Company's business and financial condition.

In view of the above, the Management has implemented measures to enhance the internal control to prevent similar incident from happening in future. There are now independent review procedures adopted by the factory, operations management department and finance department. For example, the smelting production line will conduct physical count of the aluminium ingots on a monthly basis. Personnel from the smelting production line will provide its records for the operations management department to maintain. The operations management department will in turn provide the finance department with all documents supporting the receipt of aluminium ingots for the finance department to review. There are also procedures for reviewing the output rate of production of aluminium bars. The operations management department would review the same every month and prepare reports on monthly consumption analysis for aluminium ingots and aluminium scraps consumed. The Management will then review such reports. If the reports indicate that the output rate and the monthly consumption is out of the norm, the operations management department will investigate and report to the Management who will take any necessary steps to deal with any irregularity.

2. Relationship with Australia Customer A (and Certain Customers in Australia)
The Group had total trade receivable balances of approximately HKD297 million due from its major Australia Customers, namely, Australia Customer A, Australia Customer B and Customer C as at September 30, 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 Year Under Review, 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 the 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".

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. 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 HKD139 million) from Australia Customer A and Australia Customer B. No recovery has been made from Customer C. A write off of approximately HKD174.1 million was made as at September 30, 2015. 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 HKD17.5 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 a 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 Management ceased funding to the Mobile Business so as to avoid further losses to be incurred.

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 HKD5,893,000 and amount due from an associated company of HKD44,841,000, after taking into account the subsequent settlement received from Leading Sense Group, had been written off and charged to the administrative expenses for the year ended September 30, 2015.

OTHER INFORMATION

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 based on the best information available, all former Directors holding office as at September 30, 2015 had complied with the Model Code provisions during the Year 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 Year Under Review. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the Year Under Review.

Corporate Governance Practices

Given the majority of directors of the Current Board were not the Board members in the Year 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 chairlady 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 Year Under Review.

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 and annual results of the Company for the Year 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.

Review of Accounts

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee and the Management have reviewed the accounting principles and practices adopted by the Group, as well as the consolidated financial statements for the Year Under Review and has recommended their adoption to the Board.

Publication of Annual Report

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.palum.com). The annual report of the Company for the year ended September 30, 2015 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

SUSPENSION OF TRADING

Trading in the shares of Company on the Stock Exchange has been suspended from 9:00 a.m. on December 17, 2014. The trading in the shares of the Company will remain suspended until further notice.

By order of the Board
PanAsialum Holdings Company Limited
Cosimo Borrelli
Non-Executive Chairman

January 19, 2018

As at the date of this announcement, the executive directors of the Company are Ms. Shao Liyu, Mr. Zhu Hongtao and Mr. Chan Kai Lun Allan; the non-executive directors of the Company are Mr. Cosimo Borrelli and Ms. Chi Lai Man Jocelyn; and the independent non-executive directors of the Company are Mr. Mar Selwyn, Mr. Chan Kai Nang and Mr. Leung Ka Tin.