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 INTERIM RESULTS FOR THE SIX MONTHS ENDED MARCH 31, 2016

Financial Highlights

- Revenue for the six months ended March 31, 2016 was HK$852 million, a decrease of 16% compared with HK$1,014 million for the corresponding period in year 2015;

- Gross profit for the six months ended March 31, 2016 was HK$128 million, a decrease of 43% as compared with HK$224 million for the corresponding period in year 2015;

- Loss attributable to equity holders for the six months ended March 31, 2016 was HK$68 million, compared with a loss HK$300 million for the corresponding period in year 2015; and

- Basic loss per share for the six months ended March 31, 2016 of 5.6 HK cents (six months ended March 31, 2015: 25.0 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 unaudited condensed consolidated interim results of the Group for the six months ended March 31, 2016, together with the comparative figures for the corresponding period in 2015.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended March 31, 2016

	Notes	**Unaudited Six months ended March 31, 2016** ***HK$'000***	Unaudited Six months ended March 31, 2015 *HK$'000*
Revenue	*4*	**852,097**	1,013,897
Cost of sales	*4*	**(723,611)**	(789,627)
Gross profit		**128,486**	224,270
Distribution and selling expenses	*8*	**(45,961)**	(47,431)
Administrative expenses	*8*	**(123,046)**	(366,052)
Other income		**12,828**	8,571
Other losses – net	*9*	**(2,721)**	(93,177)
Operating loss		**(30,414)**	(273,819)
Finance income	*10*	**1,502**	1,099
Finance costs	*10*	**(9,859)**	(9,854)
Finance costs – net	*10*	**(8,357)**	(8,755)
Share of results of investments accounted for using the equity method		**(205)**	(9,493)
Loss before income tax		**(38,976)**	(292,067)
Income tax expense	*11*	**(28,697)**	(7,988)
Loss attributable to equity holders of the Company		**(67,673)**	(300,055)

	Notes	**Unaudited Six months ended March 31, 2016** *HK$'000*	Unaudited Six months ended March 31, 2015 *HK$'000*
Loss for the period		**(67,673)**	(300,055)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(17,073)**	14,941
Total comprehensive income attributable to equity holders of the Company		**(84,746)**	(285,114)
Loss per share attributable to the equity holders of the Company (expressed in HK cents per share)	*13*	**(5.6)**	(25.0)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

	Notes	Unaudited March 31, 2016 HK$'000	Audited September 30, 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**819,697**	697,613
Land use rights		**295,852**	296,400
Intangible assets		**17,138**	–
Investments accounted for using the equity method		**480**	–
Deposits and lease prepayments		**2,774**	3,168
Prepayments for property, plant and equipment		**42,091**	88,909
		1,178,032	1,086,090
Current assets			
Inventories		**248,255**	202,787
Trade and bills receivables	*5*	**511,168**	500,260
Prepayments, deposits and other receivables		**72,616**	118,674
Due from the investments accounted for using the equity method	*6*	**2,190**	–
Due from a related company	*6*	**1,005**	1,774
Derivative financial instruments		**–**	19,442
Pledged bank deposits		**101,975**	154,629
Fixed bank deposits		**–**	8,597
Cash and cash equivalents		**103,105**	41,294
		1,040,314	1,047,457
Total assets		**2,218,346**	2,133,547
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**120,000**	120,000
Reserves		**1,220,718**	1,305,464
Total equity		**1,340,718**	1,425,464

	Notes	**Unaudited March 31, 2016** *HK$'000*	Audited September 30, 2015 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**60,357**	–
Obligations under finance leases – non-current portion		**8,178**	1,291
		68,535	1,291
Current liabilities			
Trade payables	*7*	**193,475**	40,502
Other payables and accrued charges		**188,749**	199,185
Due to a director		**–**	2,663
Derivative financial instruments		**–**	4,180
Borrowings		**324,739**	404,818
Obligations under finance leases – current portion		**15,082**	474
Deferred Income		**4,314**	–
Current income tax liabilities		**82,734**	54,970
		809,093	706,792
Total liabilities		**877,628**	708,083
Total equity and liabilities		**2,218,346**	2,133,547

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

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

2. Key events

As disclosed in the annual report of 2015, the predecessor auditor of the Company identified certain matters ("**Matters**") during the course of its audit of the consolidated financial statements of the Company for the year ended September 30, 2014 and an investigation on the Matters ("**Investigation**") by an independent professional advisor was undertaken and resulted in a disclaimer of opinion in the 2015 Independent Auditors Report.

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

3. Accounting policies

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

(a) Estimation of income tax:

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

(b) Changes in accounting policy and disclosures:

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

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

(i) HKFRS 9 "Financial Instruments"

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

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

(ii) *HKFRS 16 "Leases"*

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

The accounting for lessors will not significantly change.

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

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

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

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

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

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

4. Segment Information

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

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

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

The description of each reportable product segment is as follows:

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

The segment information for the operating segments for the six months ended March 31, 2016 is as follows:

	Unaudited			
	Electronics parts	**Branded OPLV products**	**Construction and industrial products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Sales to external customers	**485,964**	**100,508**	**265,625**	**852,097**
Cost of sales	**(403,104)**	**(96,065)**	**(224,442)**	**(723,611)**
Segment gross profit	**82,860**	**4,443**	**41,183**	**128,486**
Unallocated operating costs				**(169,007)**
Other income				**12,828**
Other losses – net				**(2,721)**
Finance costs – net				**(8,357)**
Share of results of investments accounted for using the equity method				**(205)**
Loss before income tax				**(38,976)**

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

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

The analysis of the Group's revenue and gross profit from external customers attributed to the locations in which the sales originated during the six months ended March 31, 2016 and 2015 consists of the following:

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

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

5. Trade receivables

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

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 120 days. (2015: Same). The Group does not hold any collateral as security.

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

	Unaudited March 31, 2016	Audited September 30, 2015
	HK$'000	*HK$'000*
Current	**100,771**	278,179
1 – 30 days	**107,462**	62,099
31 – 60 days	**62,093**	9,961
61 – 90 days	**98,477**	4,766
91 – 180 days	**11,989**	71,319
181 days – 1 year	**15,448**	73,936
Over 1 year	**114,928**	–
	511,168	500,260

6. Due from a related party/ investment accounted for using the equity method

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

Notes:

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

(b) The related company is controlled by family member of Mr. Pan who was the chairman of the Board until December 15, 2014.

7. Trade payables

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

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

8. Expenses by nature

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

9. Other losses – net

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

10. Finance income and costs

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

11. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the six months ended March 31, 2016.

The Group's operations in the PRC are subject to the PRC corporate income tax. The standard PRC Corporate income tax rate was 25% during the six months ended March 31, 2016.

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, OPAL (Macao Commercial Offshore) Limited is exempted from Macao Complementary Tax during the six months ended March 31, 2016 (2015: Same).

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

12. Dividends

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

13. Loss per share

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

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

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

14. Events after the reporting period

(a) Change of the financial year end date

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

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

(b) Disposal of OPLV

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

(c) Potential disposal of land use rights in Zengcheng

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Business and Financial Overview

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

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

Electronics Parts

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

Construction and Industrial Products

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

Branded OPLV Products

The Group had continued to develop the Branded OPLV Products market in the mainland China by engaging more distributors for selling Branded OPLV Products. This segment contributed 12% of the total Group sales in the Period Under Review which is higher than that in the 2015 Period of 11% although there was a drop in the gross profit margin from 16% for the 2015 Period to 4% for the Period Under Review.

Cost of sales

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

Gross profit

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

Distribution and selling expenses

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

Administrative expenses

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

Other losses – net

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

Finance income

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

Finance costs

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

Income tax expenses

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

Prospects / Future Business Development

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

Although sales of Electronics Parts for Period Under Review declined, customers in this segment were expected to bring in a higher profit margin to the Group than other segments. Going forward, the Group will continue to strive to catch opportunities in the Electronics Parts business by widening its customer base, developing new products and further strengthening relationship with major customers. Our ongoing efforts to develop new products based on market demand are progressing, and our R&D department is striving diligently to achieve the goals. Recently, the Group has passed the requirements of International Automotive Task Force on IATF16949:2016. Looking forward, the Group will be able to accept sales order for the manufacturing of different aluminium alloy automobile parts and components using extrusion processes.

Liquidity and Financial Resources

The Group principally finances its operations through a combination of shareholders' equity, internally generated cash flow and borrowings. As at March 31, 2016 the Group had HK$103 million cash and cash equivalents (as at September 30, 2015: HK$41 million), no fixed bank deposits (as at September 30, 2015: HK$9 million), HK$102 million pledged bank deposits (as at September 30, 2015: HK$155 million), interest-bearing borrowings of HK$385 million denominated in Renminbi ("**RMB**") and United States Dollars ("**USD**") (as at September 30, 2015: HK$405 million denominated in RMB and USD) and obligation under finance leases of HK$23 million denominated in RMB (as at September 30, 2015: HK$2 million).

Charges on Asset

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

Capital Structure

As at March 31, 2016 and September 30, 2015, the Company's issued share capital was HK$120,000,000, divided into 1,200,000,000 shares of HK$0.1 each.

Foreign Exchange and Other Risk

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

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

Significant Investment, Material Acquisition and Disposal

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

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

Capital Commitments

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

Contingent Liabilities

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

Employee Information and Remuneration Policies

As at March 31, 2016, the Group employed approximately 4,100 staff (as at September 30, 2015: 3,900). The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During the Period Under Review, the Group incurred staff costs (including Directors' emoluments) of HK$183 million (2015 Period: HK$136 million).

INTERIM DIVIDEND

At the meeting of the Board held on May 31, 2018, the Board did not declare an interim dividend for the Period Under Review.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Shares

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

Code on Corporate Governance

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

Chairman and Chief Executive Officer

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

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

Audit Committee

Under code provision C.3 of the CG Code, the audit committee must meet, at least twice a year, with the issuer's auditors, and meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.

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

Financial Reporting

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

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

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the Directors. The Company has based on the best information available, all former Directors holding office as at March 31, 2016 had complied with the Model Code provisions during the Period Under Review.

Events after the reporting period

Save as disclosed in note 14 to the condensed consolidated interim financial information, there is no material subsequent event undertaken by the Company or by the Group after March 31, 2016 and up to the date of this interim results announcement.

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

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, as well as the unaudited condensed consolidated interim financial information for the six months ended March 31, 2016, and recommended their adoption to the Board.

The condensed consolidated interim financial information for the six months ended March 31, 2016 has not been audited, but has been reviewed by the audit committee of the Company.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.palum.com). The interim report of the Company for the six months ended March 31, 2016 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

Hong Kong, May 31, 2018

As at the date of this announcement, the executive directors of the Company are Ms. Shao Liyn and Mr. Wong Kwok Wai Eddy; 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. Leung Ka Tin and Dr. Cheung Wah Keung.