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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 TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Financial Highlights

- Revenue for the twelve months ended September 30, 2016 was HK$1,803 million, a decrease of 1% compared with HK$1,822 million for the corresponding period in year 2015;

- Gross profit for the twelve months ended September 30, 2016 was HK$240 million, a decrease of 34% as compared with HK$362 million for the corresponding period in year 2015;

- Loss attributable to equity holders for the twelve months ended September 30, 2016 was HK$132 million, compared with a loss HK$337 million for the corresponding period in year 2015; and

- Basic loss per share for the twelve months ended September 30, 2016 of 11.0 HK cents (year ended September 30, 2015: 28.1 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 twelve months ended September 30, 2016, together with the comparative figures for the corresponding period in 2015.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended September 30, 2016

	Notes	**Unaudited Period ended September 30, 2016** *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Revenue	*4*	**1,802,962**	1,821,850
Cost of sales	*4*	**(1,562,675)**	(1,460,107)
Gross profit		**240,287**	361,743
Distribution and selling expenses	*8*	**(107,033)**	(85,563)
Administrative expenses	*8*	**(230,804)**	(522,514)
Other income		**29,098**	19,422
Other losses – net	*9*	**(12,269)**	(62,357)
Operating loss		**(80,721)**	(289,269)
Finance income	*10*	**1,964**	1,204
Finance costs	*10*	**(19,495)**	(16,134)
Finance costs – net	*10*	**(17,531)**	(14,930)
Share of results of investments accounted for using the equity method		**(4,608)**	(9,493)
Loss before income tax		**(102,860)**	(313,692)
Income tax expense	*11*	**(30,217)**	(22,985)
Loss for the period/year		**(133,077)**	(336,677)
Loss attributable to:			
– Owners of the Company		**(131,711)**	(336,677)
– Non-controlling interests		**(1,366)**	–
		(133,077)	(336,677)

	Notes	**Unaudited Period ended September 30, 2016** *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Loss for the period/year		**(133,077)**	(336,677)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(52,392)**	(30,691)
Total comprehensive income attributable to equity holders of the Company		**(185,469)**	(367,368)
Loss per share attributable to the equity holders of the Company (expressed in HK cents per share)	*13*	**(11.0)**	(28.1)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2016

	Notes	**Unaudited September 30, 2016 HK$'000**	Audited September 30, 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**867,510**	697,613
Land use rights		**282,522**	296,400
Intangible assets		**20,667**	–
Investments accounted for using the equity method		**34,435**	–
Deposits and lease prepayments		**3,005**	3,168
Prepayments for property, plant and equipment		**117,188**	88,909
		1,325,327	1,086,090
Current assets			
Inventories		**296,309**	202,787
Trade and bills receivables	*5*	**424,247**	500,260
Prepayments, deposits and other receivables		**105,567**	118,674
Due from the investments accounted for using the equity method	*6*	**13,695**	–
Due from a related company	*6*	**969**	1,774
Derivative financial instruments		**–**	19,442
Pledged bank deposits		**71,802**	154,629
Fixed bank deposits		**–**	8,597
Cash and cash equivalents		**21,546**	41,294
		934,135	1,047,457
Total assets		**2,259,462**	2,133,547
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**120,000**	120,000
Reserves		**1,123,144**	1,305,464
Total equity		**1,243,144**	1,425,464

	Notes	Unaudited September 30, 2016 HK$'000	Audited September 30, 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**58,200**	–
Obligations under finance leases – non-current portion		**8,408**	1,291
		66,608	1,291
Current liabilities			
Trade payables	*7*	**193,018**	40,502
Other payables and accrued charges		**263,888**	199,185
Due to a director		**–**	2,663
Derivative financial instruments		**–**	4,180
Borrowings		**385,641**	404,818
Obligations under finance leases – current portion		**22,515**	474
Deferred income		**4,118**	–
Current income tax liabilities		**80,530**	54,970
		949,710	706,792
Total liabilities		**1,016,318**	708,083
Total equity and liabilities		**2,259,462**	2,133,547

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation

The condensed consolidated interim financial information for the twelve months ended September 30, 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 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$14,998,000. 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 period ended September 30, 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	**906,313**	**226,457**	**670,192**	**1,802,962**
Cost of sales	**(777,057)**	**(219,094)**	**(566,524)**	**(1,562,675)**
Segment gross profit	**129,256**	**7,363**	**103,668**	**240,287**
Unallocated operating costs				**(337,837)**
Other income				**29,098**
Other losses – net				**(12,269)**
Finance costs – net				**(17,531)**
Share of results of investments accounted for using the equity method				**(4,608)**
Loss before income tax				**(102,860)**

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

	Audited			
	Electronics parts	Branded OPLV products	Construction and industrial products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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 results of investments accounted for using the equity method				(9,493)
Loss before income tax				(313,692)

The analysis of the Group's revenue and gross profit from external customers attributed to the locations in which the sales originated during the period ended September 30, 2016 and year ended September 30, 2015 consists of the following:

	Unaudited Period ended September 30, 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	**1,403,436**	**226,363**	**40,616**	**121,112**	**11,435**	**1,802,962**
Cost of sales	**(1,232,378)**	**(193,785)**	**(32,503)**	**(93,295)**	**(10,714)**	**(1,562,675)**
Gross profit	**171,058**	**32,578**	**8,113**	**27,817**	**721**	**240,287**

	Audited Year ended September 30, 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	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

5. Trade receivables

	Unaudited September 30, 2016	Audited September 30, 2015
	HK$'000	*HK$'000*
Trade receivables – net	**421,344**	499,892
Bills receivables	**2,903**	368
Trade and bills receivables – net	**424,247**	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 September 30, 2016 *HK$'000*	Audited September 30, 2015 *HK$'000*
Current	**120,964**	278,179
1 – 30 days	**138,804**	62,099
31 – 60 days	**86,702**	9,961
61 – 90 days	**45,255**	4,766
91 – 180 days	**11,908**	71,319
181 days – 1 year	**8,793**	73,936
Over 1 year	**11,821**	–
	424,247	500,260

6. Due from a related company/due from the investments accounted for using the equity method

	Notes	**Unaudited September 30, 2016** *HK$'000*	Audited September 30, 2015 *HK$'000*
Due from a related company			
– Rongjin	*(a), (b)*	**969**	1,774
Due from the investments accounted for using the equity method		**13,695**	–

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 chairmen of the Board until December 15, 2014.

7. **Trade payables**

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

	Unaudited September 30, 2016 *HK$'000*	Audited September 30, 2015 *HK$'000*
0 – 30 days	**94,100**	18,693
31 – 60 days	**28,043**	13,681
61 – 90 days	**18,637**	4,638
Over 90 days	**52,238**	3,490
	193,018	40,502

8. **Expenses by nature**

	Unaudited Period ended September 30, 2016 *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Operating loss is stated after charging/(crediting) the following:		
Auditor's remuneration – current period	**3,903**	5,000
Operating leases – land and buildings	**11,692**	28,840
Cost of inventories recognized as expenses	**1,562,675**	1,460,107
Employee benefit expenses	**397,269**	260,803
Depreciation of property, plant and equipment	**77,001**	74,574
Amortisation of land use rights	**2,986**	290
Provision for impairment on prepayment to a supplier for purchases of raw materials	**–**	16,043
Write off amounts due from an investment accounted for using the equity method	**–**	5,893
Write off investments accounted for using the equity method	**–**	44,841
Write off of trade receivables	**2,879**	174,158

9. Other losses – net

	Unaudited Period ended September 30, 2016 *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Net exchange gains/(losses)	**8,863**	(64,640)
(Loss)/gain on derivative financial instruments – foreign exchange forward contracts	**(8,383)**	28,035
Loss on derivative financial instruments – aluminium future contracts	**(12,749)**	(25,752)
	(12,269)	(62,357)

10. Finance income and costs

	Unaudited Period ended September 30, 2016 *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Interest income:		
Interest income on bank deposits	**1,964**	1,204
Finance income	**1,964**	1,204
Interest expenses:		
Interest expense on bank borrowings	**(19,425)**	(15,704)
Interest element of finance leases	**(70)**	(430)
Finance costs	**(19,495)**	(16,134)
Finance costs – net	**(17,531)**	(14,930)

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 period ended September 30, 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 period ended September 30, 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 period ended September 30, 2016 (2015: Same).

	Unaudited Period ended September 30, 2016 *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Hong Kong profits tax		
– current period	**(2,081)**	(1,213)
– under-provision in prior years	**(28,136)**	–
Overseas taxation		
– current period	**–**	(21,772)
	(30,217)	(22,985)

12. Dividends

No dividend has been declared by the Company for the period ended September 30, 2016 and year ended September 30, 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 year.

	Unaudited Period ended September 30, 2016 *HK$'000*	Audited Year ended September 30, 2015 *HK$'000*
Loss attributable to equity holders of the Company *(HK$'000)*	**(131,711)**	(336,677)
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)*	**(11.0)**	(28.1)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the period ended September 30, 2016 and year ended September 30, 2015, respectively.

14. Events after the reporting period

(a) Disposal of OPLV entities

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.

(b) Potential disposal of land use rights in Zengcheng

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Business and Financial Overview

The financial year end date of the Company has been changed from September 30 to December 31 in order to align with the Company's financial year end date with its principal operating subsidiaries incorporated in the People's Republic of China (the "**PRC**"). Such change is made in response to the increase in number of Company's subsidiaries incorporated in the PRC during the recent years. Accordingly, the current financial period covers a period of twelve months from October 1, 2015 to September 30, 2016.

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 period ended September 30, 2016 ("**Period Under Review**") was HK$1,803 million (2015: HK$1,822 million), representing a decrease of 1% as compared with the year ended September 30, 2015 ("**2015**"). The Group's overall gross profit margin stayed at 13% for Period Under Review which is lower than 2015 of 20%. The net loss after tax attributable to equity holders of the Company was HK$132 million (2015: net loss after tax HK$337 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 amounted for using the equity method.

Electronics Parts

The Electronics Parts segment contributed HK$906 million to the total revenue of the Group, representing an increase of 14% as compared with HK$792 million for the 2015. The gross profit margin of the Electronics Parts has decreased from 22% for the 2015 to 14% for the Period Under Review.

Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment were HK$670 million (2015: HK$780 million) and 15% (2015: 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 48% from HK$436 million in 2015 to HK$226 million for the Period Under Review.

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 13% of the total Group sales in the Period Under Review which is stable as that in the 2015 of 14% although there was a significantly drop in the gross profit margin from 16% for the 2015 to 3% for the Period Under Review.

Cost of sales

With the slightly drop in sales, cost of sales increased by 7% from HK$1,460 million for the 2015 to HK$1,563 million for the Period Under Review.

Gross profit

Gross profit declined by 34% from HK$362 million for the 2015 to HK$240 million for the Period Under Review, there was a decrease in gross profit margin from 20% for the 2015 to 13% 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 increased by 25% from the 2015 to the Period Under Review. The increase was mainly due to increase in staff costs and travelling expenses.

Administrative expenses

Administrative expenses dropped significantly from HK$523 million for 2015 to HK$231 million for the Period Under Review. The decrease was mainly due to absence of one-off adjustments including the provision for impairment on prepayment to a supplier for purchase of raw materials, the write off investment accounted for using the equity method and the amount due from investments accounted for using the equity method in the Period Under Review.

Other losses – net

Other losses decreased by HK$50 million to HK$12 million for the Period Under Review. The decrease comprised realized and unrealized exchange losses arising from the significant depredation of the Australian dollar ("**AUD**") during 2015 whereas AUD against HKD was rather stable during the Period Under Review.

Finance income

Finance income mainly comprised interest income which was HK$2.0 million for the Period Under Review compared to HK$1.2 million in 2015 due to higher average balances of bank deposits.

Finance costs

Net finance costs increased by HK$3 million from HK$15 million for 2015 to HK$18 million for the Period Under Review. The increase was mainly due to increase in bank borrowings.

Income tax expenses

Income tax expenses of HK$30 million was mainly due to the finalization of the PRC corporate income tax assessments for the Period Under Review and prior years under-provision of profits tax.

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 September 30, 2016 the Group had HK$22 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$72 million pledged bank deposits (as at September 30, 2015: HK$155 million), interest-bearing borrowings of HK$444 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$31 million denominated in RMB and HK$ (as at September 30, 2015: HK$2 million).

Charges on Asset

HK$7 million (as at September 30, 2015: HK$9 million) of land use rights, HK$18 million (as at September 30, 2015: HK$21 million) of buildings and HK$110 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 September 30, 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 of the Company, 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 the relevant contracts amounted to 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 September 30, 2016 were approximately HK$235 million (as at September 2015: HK$180 million), which was mainly related to the acquisition of machineries in the PRC.

Contingent Liabilities

As at September 30, 2016, the Group had no contingent liabilities (as at September 2015: Nil).

Employee Information and Remuneration Policies

As at September 30, 2016, the Group employed approximately 4,800 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$397 million (2015: HK$261 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 year ended September 30, 2014, 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 September 30, 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 September 30, 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 twelve months ended September 30, 2016, and recommended their adoption to the Board.

The condensed consolidated interim financial information for the twelve months ended September 30, 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 twelve months ended September 30, 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.