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 30 SEPTEMBER 2013

Financial Highlights

- Revenue for the year ended 30 September 2013 was approximately HK$2,584 million, increased by 6% as compared with approximately HK$2,437 million for the year ended 30 September 2012;

- Gross profit for the year ended 30 September 2013 was approximately HK$599 million, decreased by 2% as compared with approximately HK$615 million for the year ended 30 September 2012;

- Profit attributable to equity holders for the year ended 30 September 2013 was approximately HK$214 million, decreased by 40% as compared with approximately HK$357 million for the year ended 30 September 2012; and

- Basic earnings per share for the year ended 30 September 2013 amounted to 19 HK cents (year ended 30 September 2012: 40 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 30 September 2013 (the "**year under review**"), together with the comparative figures as below.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*4*	**2,583,735**	2,436,995
Cost of sales	*7*	**(1,985,040)**	(1,822,114)
Gross profit		**598,695**	614,881
Distribution and selling expenses	*7*	**(99,799)**	(102,630)
Administrative expenses	*7*	**(262,868)**	(138,703)
Other income		**1,938**	4,013
Other (losses)/gains – net	*8*	**(37,381)**	27,233
Operating profit		**200,585**	404,794
Finance income	*9*	**1,516**	209
Finance costs	*9*	**(22,401)**	(25,689)
Finance costs – net	*9*	**(20,885)**	(25,480)
Profit before income tax		**179,700**	379,314
Income tax credit/(expense)	*10*	**33,831**	(22,226)
Profit attributable to equity holders of the Company		**213,531**	357,088

	Notes	**2013** HK$'000	2012 HK$'000
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**12,259**	487
Total comprehensive income attributable to equity holders of the Company		**225,790**	357,575
Earnings per share attributable to the equity holders of the Company (expressed in HK cents per share)	*12*	**19**	40
Dividends	*11*	**290,000**	260,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**511,478**	399,637
Land use rights		**9,326**	9,356
Deposits and lease prepayments		**1,778**	1,847
Prepayment for property, plant and equipment		**3,485**	9,956
Capital guaranteed fund		**–**	4,482
Derivative financial instruments		**–**	474
		526,067	425,752
Current assets			
Inventories		**329,189**	208,283
Trade receivables	*5*	**703,145**	813,637
Prepayments, deposits and other receivables	*5*	**168,778**	112,696
Due from a related company		**3,385**	7,938
Capital guaranteed fund		**4,517**	–
Derivative financial instruments		**651**	–
Pledged bank deposits		**21,531**	21,531
Fixed bank deposit		**300,000**	–
Cash and cash equivalents		**498,694**	143,303
		2,029,890	1,307,388
Total assets		**2,555,957**	1,733,140
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**120,000**	–
Reserves		**1,672,754**	735,955
Total equity		**1,792,754**	735,955

	Notes	**2013**	2012
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Obligations under finance leases – non-current portion		**988**	–
		988	–
Current liabilities			
Trade payables	*6*	**103,155**	105,067
Other payables and accrued charges	*6*	**149,627**	146,039
Derivative financial instruments		**3,549**	340
Borrowings		**499,368**	602,084
Obligations under finance leases – current portion		**283**	409
Dividends payable		**2**	86,000
Current income tax liabilities		**6,231**	57,246
		762,215	997,185
Total liabilities		**763,203**	997,185
Total equity and liabilities		**2,555,957**	1,733,140
Net current assets		**1,267,675**	310,203
Total assets less current liabilities		**1,793,742**	735,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Group is 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 7 October 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.

Pursuant to a group reorganisation, which was completed on 12 October 2012 (the "**Reorganisation**"), the Company became the holding company of the subsidiaries now comprising the Group. Prior to the completion of the Reorganisation, the business of the Group was carried out by companies now comprising the Group collectively controlled by Mr. Marcus Pan and Ms. Shao Lidan, who have been the ultimate beneficial owners of the Group before and after the completion of the Reorganisation.

On 23 January 2013, the Company issued a prospectus and launched a public offering of 300,000,000 shares offered at an offer price of HK$4.13 per share. The Company's ordinary shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 February 2013 (the "**Listing Date**").

2. 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Amended standards adopted by the Group

The Group has adopted the following amendments to standards that have been issued and are effective for the Group's financial year commencing on 1 October 2012:

Amendment to HKAS 1	Presentation of items of other comprehensive income
Amendment to HKAS 12	Deferred tax recovery of underlying assets

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

(b) New and amended standards not yet adopted

The following new and amendments to standards have been issued, but not effective for the financial year beginning on 1 October 2012 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 19 (2011)	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate financial statements	1 January 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HK(IFRIC)-Int 21	Levies	1 January 2014
Amendment to HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
Amendment to HKAS 39	Novation of derivatives and continuation of hedge accounting	1 January 2014
Amendment to HKFRS 1	First-time adoption of HKFRS – government loans	1 January 2013
Amendment to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities	1 January 2013
Amendment to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
Amendment to HKFRS 10, 11 and 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance	1 January 2013
Amendment to HKFRS 10, 12 and HKAS 27	Investments entities	1 January 2014
Annual improvement projects	Improvements to HKASs and HKFRSs 2011	1 January 2013

The Group has already commenced an assessment of the impact of the above new and amendments to standards but is not yet in a position to state whether these new and amendments to standards would have a significant impact to its results of operations and financial position.

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 People's Republic of China (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 30 September 2013 is as follows:

	Electronics parts	**Branded OPLV products**	**Construction and industrial products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Sales to external customers	**1,320,303**	**323,756**	**939,676**	**2,583,735**
Cost of sales	**(955,729)**	**(260,881)**	**(768,430)**	**(1,985,040)**
Segment gross profit	**364,574**	**62,875**	**171,246**	**598,695**
Unallocated operating costs				**(362,667)**
Other income				**1,938**
Other losses – net				**(37,381)**
Finance costs – net				**(20,885)**
Profit before income tax				**179,700**

The segment information for the operating segments for the year ended 30 September 2012 is as follows:

	Electronics parts	Branded OPLV products	Construction and industrial products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	1,143,528	258,199	1,035,268	2,436,995
Cost of sales	(825,970)	(199,631)	(796,513)	(1,822,114)
Segment gross profit	317,558	58,568	238,755	614,881
Unallocated operating costs				(241,333)
Other income				4,013
Other gains – net				27,233
Finance costs – net				(25,480)
Profit before income tax				379,314

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 30 September 2013 and 2012 consists of the following:

	2013					
	The PRC	**Australia**	**North America**	**Hong Kong**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Sales to external customers	**1,707,535**	**740,466**	**24,370**	**67,272**	**44,092**	**2,583,735**
Cost of sales	**(1,273,984)**	**(584,469)**	**(23,516)**	**(59,227)**	**(43,844)**	**(1,985,040)**
Gross profit	**433,551**	**155,997**	**854**	**8,045**	**248**	**598,695**

	2012					
	The PRC	Australia	North America	Hong Kong	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	1,530,097	732,832	50,489	71,102	52,475	2,436,995
Cost of sales	(1,143,881)	(525,730)	(47,380)	(54,515)	(50,608)	(1,822,114)
Gross profit	386,216	207,102	3,109	16,587	1,867	614,881

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

	2013	2012
	HK$'000	*HK$'000*
Customer A	**1,288,990**	1,113,037
Customer B	**637,050**	608,735

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

	2013	2012
	HK$'000	*HK$'000*
The PRC	**522,064**	417,336
Hong Kong	**3,851**	3,375
Other countries	**152**	85
	526,067	420,796

5. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**703,145**	813,637
Less: provision for impairment of receivables	**–**	–
Trade receivables – net	**703,145**	813,637

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 45 to 120 days. The Group does not hold any collateral as security.

As at 30 September 2013, the ageing analysis of the trade receivables based on due date was as follows:

	2013	2012
	HK$'000	*HK$'000*
Current	**434,100**	566,812
1 – 30 days	**83,338**	75,569
31 – 60 days	**58,192**	31,502
61 – 90 days	**77,139**	47,912
91 – 180 days	**50,165**	83,344
181 days – 1 year	**211**	8,498
	703,145	813,637
Less: provision for impairment of receivables	**–**	–
	703,145	813,637

As at 30 September 2013, receivables of HK$434,100,000 were neither past due nor impaired (2012: HK$566,812,000). These receivables relate to customers for whom there is no recent history of default.

As at 30 September 2013, trade receivables of HK$269,045,000 were past due but not impaired (2012: HK$246,825,000). These receivables 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 30 September 2013 (2012: Same).

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK$180,080,000 to a bank in exchange for cash as at 30 September 2013 (2012: HK$212,523,000). The transactions have been accounted for as collateralised borrowings.

As at 30 September 2013, all trade receivables were non-interest bearing (2012: Same).

As at 30 September 2013, the carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2013	2012
	HK$'000	*HK$'000*
Australian Dollar ("**AUD**")	**342,941**	366,703
Renminbi ("**RMB**")	**138,954**	176,513
United States Dollar ("**USD**")	**210,863**	262,182
Hong Kong Dollar ("**HKD**")	**10,387**	8,239
	703,145	813,637

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

As at 30 September 2013, breakdown of prepayments, deposits and other receivables was as follows:

	2013	2012
	HK$'000	*HK$'000*
Prepayment to suppliers for purchases of materials	**85,664**	85,761
Deposits placed for purchase of materials *(Note)*	**51,806**	–
Others	**31,308**	26,935
	168,778	112,696

Note:

The balance represents deposits placed with an institution to secure the Group's margin accounts for the purchase of aluminium, of which HK$50,254,000 was restricted for the purchase of aluminium as at 30 September 2013 (2012: Nil). The deposits are non-interest bearing.

The other classes within trade and other receivables do not contain impaired assets.

6. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**103,155**	105,067
Deposits received	**27,164**	32,893
Accrued employee benefit expenses	**37,690**	23,370
Accrued operating expenses	**17,092**	27,283
Provision for sales rebate to customers	**21,094**	11,300
Payable for purchase of property, plant and equipment	**42,046**	33,116
Other payables and accruals	**4,541**	18,077
Total other payables and accrued charges	**149,627**	146,039
Trade payables, other payables and accrued charges	**252,782**	251,106

As at 30 September 2013, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**82,173**	75,029
31 – 60 days	**12,860**	21,983
61 – 90 days	**1,510**	4,961
Over 90 days	**6,612**	3,094
	103,155	105,067

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

	2013	2012
	HK$'000	*HK$'000*
AUD	**–**	1,206
RMB	**70,744**	92,013
USD	**32,098**	11,535
HKD	**313**	313
	103,155	105,067

7. EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration – current year	**4,348**	3,855
Operating leases – land and buildings	**24,239**	2,622
Changes in inventories of finished goods and work in progress	**(93,750)**	18,620
Raw materials and consumables used	**1,788,040**	1,545,886
Loss on disposal of property, plant and equipment	**2,201**	1,761
Employee benefit expenses	**337,743**	203,121
Depreciation:		
Owned property, plant and equipment	**54,250**	48,823
Leased property, plant and equipment	**154**	920
Bad debts written off	**–**	15
Transportation expenses	**54,928**	56,375
Amortisation of land use rights	**231**	292
Legal and professional fees	**2,486**	28,410
Research and development costs	**14,698**	6,366
Utilities	**71,430**	62,089
Other expenses	**86,709**	84,292
Total cost of sales, distribution and selling expenses and administrative expenses	**2,347,707**	2,063,447

8. OTHER (LOSSES)/GAINS – NET

	2013	2012
	HK$'000	*HK$'000*
Net exchange (losses)/gains	**(39,968)**	27,578
Gain/(loss) on derivative financial instruments – foreign exchange forward contracts	**5,101**	(476)
Fair value gain on derivative financial instruments – equity-index embedded derivative	**177**	131
Loss on derivative financial instruments – aluminium futures contracts	**(2,691)**	–
	(37,381)	27,233

9. FINANCE INCOME AND COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest expenses:		
Interest expense on bank borrowings wholly repayable within 5 years	**22,332**	25,621
Interest element of finance leases	**69**	68
Finance costs	**22,401**	25,689
Interest income:		
Interest income on capital guaranteed fund	**(35)**	(36)
Interest income on bank deposits	**(1,481)**	(173)
Finance income	**(1,516)**	(209)
Finance costs – net	**20,885**	25,480

10. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended 30 September 2013 (2012: 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 30 September 2013. The standard PRC corporate income tax rate was 25% during the year ended 30 September 2012.

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 year ended 30 September 2013 (2012: Same).

	2013	2012
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current year	**138**	740
Overseas taxation		
– current year	**6,942**	21,486
– over-provision in prior years *(Note)*	**(40,911)**	–
	(33,831)	22,226

Note:

On 6 February 2013, the Group received the additional PRC corporate income tax assessments from PRC relevant tax bureau regarding the years of assessment from 2008 to 2010. In response to these assessments, a total payment of RMB3,292,000 (equivalent to HK$4,082,000) has been made by the Group to the tax bureau in March 2013. In the opinion of the directors, it has been confirmed with the tax bureau that no further tax liabilities are payable for the years of assessment prior to 2008. Accordingly, the excess tax provision of RMB30,140,000 (equivalent to HK$37,376,000) has been reversed.

Moreover, an overprovision of PRC corporate income tax of RMB2,797,000 (equivalent to HK$3,535,000) previously provided for 2012 as at 30 September 2012 has been reversed during the year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the companies comprising the Group as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before income tax	**179,700**	379,314
Tax calculated at Hong Kong profits tax rate of 16.5%	**29,651**	62,586
Income not subject to tax	**(35)**	(1,553)
Expenses not deductible for tax purposes	**5,221**	7,582
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(88,509)**	(66,876)
Tax losses for which no deferred income tax asset was recognised	**48,732**	5,111
Over provision in prior years	**(40,911)**	–
Other temporary differences not recognised	**12,020**	15,376
Income tax (credit)/expense	**(33,831)**	22,226

As at 30 September 2013, the Group had unrecognised tax losses of approximately HK$240,462,000 (2012: HK$58,159,000) to carry forward against future taxable income. The unrecognised tax losses were contributed by the Company's subsidiaries, namely, PanAsia Aluminium Limited, PanAsia Trading Limited, PanAsia Aluminium (China) Co., Ltd., Guangzhou Rongfu Electronics Technology Co. Ltd. and Guangzhou OPLV Doors and Windows Systems Co., Ltd.. The tax losses of PanAsia Aluminium Limited and PanAsia Trading Limited have no expiry date while the tax losses of PanAsia Aluminium (China) Co., Ltd., Guangzhou Rongfu Electronics Technology Co. Ltd. and Guangzhou OPLV Doors and Windows Systems Co., Ltd. will expire as follows:

	2013	2012
	HK$'000	*HK$'000*
With no expiry date	**53,961**	8,943
Expiry year:		
– 2013	**–**	7,868
– 2014	**10,827**	10,579
– 2015	**18,266**	17,848
– 2016	**2,864**	2,799
– After 2016	**154,544**	10,122
	240,462	58,159

As at 30 September 2012, deferred income tax liabilities of HK$2,516,000 had not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings totalled HK$50,318,000 of a subsidiary in the PRC. As at 30 September 2013, the subsidiary has no unremitted earning and no deferred income tax liability arising thereon. Management is of the view that unremitted earnings are intended for re-investment in the PRC and there is no current plan for distribution.

On 27 March 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 the understanding of the Group's management ("**Management**") 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 announcement, there is no reliable basis for estimating, and providing for any potential tax liabilities, and the corresponding penalty and interest, if any.

11. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim dividends declared and paid by a subsidiary of the Group prior to Reorganisation *(Note (a))*	**50,000**	260,000
Interim dividend of 20 HK cents per ordinary share declared and paid by the Company *(Note (b))*	**240,000**	–
	290,000	260,000

Notes:

(a) Interim dividends were declared and paid by a subsidiary of the Group to its then equity holders prior to the Group's Reorganisation which was completed on 12 October 2012.

(b) Interim dividend was declared by the Company to its equity holders. The amount of such interim dividend for the year ended 30 September 2013 was based on 1,200,000,000 shares in issue as at 22 May 2013.

The aggregate amounts of the dividends paid during the years ended 30 September 2013 and 2012 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

12. EARNINGS PER SHARE

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

In determining the number of ordinary shares in issue for the years ended 30 September 2013 and 2012, the issue and allotment of 1 share by the Company on 7 October 2005, the 999,999 shares issued and allotted on 12 October 2012 and the 899,000,000 shares issued and allotted through capitalisation of the share premium account of the Company upon listing on The Stock Exchange of Hong Kong Limited on the Listing Date, were deemed to have been issued since 1 October 2012.

	2013	2012
Profit attributable to equity holders of the Company *(HK$'000)*	**213,531**	357,088
Weighted average number of ordinary shares in issue	**1,095,616,438**	900,000,000
Basic earnings per share *(HK cents)*	**19**	40

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 September 2013 (2012: Same).

13. EVENTS AFTER THE REPORTING PERIOD

(a) Appointment and resignation of executive Directors

Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling were appointed as executive Directors with effect from 1 October 2013.

Mr. Leung Chi Wing resigned his position as executive Director with effect from 1 October 2013.

(b) Investment in Nanyang, the PRC

On 1 October 2013, the Company entered into an investment agreement with the Wolong District Government, pursuant to which the Group conditionally agreed to invest an aggregate sum of RMB3,000 million (equivalent to HK$3,780 million) at the Nanyang Optoelectronics Industry Cluster Area in Nanyang City, the PRC, for the establishment of an aluminium alloy production base. Consequently, a new wholly owned subsidiary of the Company, 滎陽實業(南陽)有限公司, was set up with registered capital of US$148 million on 21 October 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Business and Financial Overview

The Group is an aluminium products manufacturer based in Guangdong Province, the PRC, with a large and diverse portfolio of high quality products. We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products.

The total operating revenue of the Group for the year under review was HK$2,584 million (2012: HK$2,437 million), representing an increase of 6% as compared with the year ended 30 September 2012. The Group's overall gross profit margin decreased from 25% for the year ended 30 September 2012 to 23% for the year under review; and the net profit after tax attributable to shareholders has declined substantially to HK$214 million (2012: HK$357 million). The major reasons of these are (1) the significant reduction in the orders for Electronics Parts from a major customer of the Group in the second half of the year under review leading to an excess of computer numerical control ("**CNC**") processing capacity, an increase in our fixed production cost and operating expenses such as increased workforce, operating lease and related expenses. Those costs were originally expected to be absorbed by the increase in orders for new electronics parts products; and (2) the weak performance of the AUD in the second half of the year under review.

Comparing to the year under review with the year ended 30 September 2012, revenue for the Electronics Parts segment and that for the Branded OPLV Products segment has risen by 15% and 25% respectively, but revenue for the Construction and Industrial Products segment has dropped by 9%.

Revenue contributions by respective segments for the two years ended 30 September 2012 and 2013 is presented below.

	Revenue for the year ended 30 September		Percentage of contribution to the total revenue for the year ended 30 September	
	2013	2012	**2013**	2012
	(HK$ million)	*(HK$ million)*		
Business Segment				
– Electronics Parts	**1,320**	1,144	**51.1%**	46.9%
– Construction and Industrial Products	**940**	1,035	**36.4%**	42.5%
– Branded OPLV Products	**324**	258	**12.5%**	10.6%
Total	**2,584**	2,437	**100.0%**	100.0%
Geographical Segment				
– The PRC	**1,708**	1,530	**66.1%**	62.8%
– Australia	**741**	733	**28.7%**	30.0%
– North America	**24**	51	**0.9%**	2.1%
– Hong Kong	**67**	71	**2.6%**	2.9%
– Others	**44**	52	**1.7%**	2.2%
Total	**2,584**	2,437	**100.0%**	100.0%

Electronics Parts

The Electronics Parts segment contributed HK$1,320 million to the total revenue of the Group, representing an increase of 15% as compared with HK$1,144 million for the year ended 30 September 2012. The increase was a net result of the consistent orders for existing products and increasing orders for new products from our major customer during the first half of the year under review and the reduction of the volume of orders for new products with higher profit margin during the second half of the year under review.

Based on the trend from the major customer orders for the year ended 30 September 2012, the Group purchased an additional 150 CNC machines to meet the demand during the year under review, which has increased the production costs correspondingly. Unfortunately, the orders for new products from the major customer dropped significantly and the gap was compensated by the orders on the existing products with lower profit margin in the second half of the year under review. Therefore, the revenue and the gross profit of the Group's Electronics Parts in the second half of the year under review were declined as a result. The gross profit margin of the Electronics Parts has been maintained at 28% (2012: 28%) for the year under review.

Construction and Industrial Products

The revenue and gross profit margin of the Construction and Industrial Products segment is HK$940 million (2012: HK$1,035 million) and 18% (2012: 23%) for the year under review respectively. The segment also experienced a decrease in revenue and gross profit in the second half of the year under review. The Group has maintained its market share in Australia and revenue from the Australian market recorded a small growth compared to the year ended 30 September 2012. As the selling price to Australian market is marked in AUD, the weak performance of AUD in the second half of the year under review has weakened the revenue and gross profit margin of the Construction and Industrial Products. Apart from the depreciation of AUD during the second half of the year under review, the decrease in revenue was also due to the redeployment of more resources to other segments which presented better growth potential than the Construction and Industrial Products segment during the year under review. In addition, the Group de-selected certain customers in Mainland China whose orders could not achieve a satisfactory gross profit margin.

Branded OPLV Products

The Group has continued to develop the Branded OPLV Products market in Mainland China by engaging new distributors for selling Branded OPLV Products. At the end of the year under review, the distribution network comprised 603 distributors in 28 provinces, autonomous regions and municipalities (as compared to 577 distributors at the end of the year ended 30 September 2012). Promotion offers were given to distributors to maintain sales volume and attract more new distributors to enlarge our market exposure for the year under review. Therefore, the gross profit margin of Branded OPLV Products dropped from 23% for the year ended 30 September 2012 to 19% for the year under review despite an increase in the revenue from HK$258 million for the year ended 30 September 2012 to HK$324 million for the year under review.

With an active response to the prevailing market environment, the Group (i) will continue to develop the Branded OPLV Products market in Mainland China by engaging more new distributors in different provinces and counties; (ii) will endeavour to diversify the product range and explore potential customers in order to minimise the risk of concentration in a particular product category or group of customers; (iii) will continue to promote new products not subject to anti-dumping duties to Australian customers, in view of the fact that the sales volume to Australia were able to maintain during the year under review as around 41% of products sold were not subject to anti-dumping duties; and (iv) will continue to look for other measures and opportunities that may minimise the impact of fluctuation of AUD to the Group's performance.

Cost of sales

Cost of sales increased by 9% from HK$1,822 million for the year ended 30 September 2012 to HK$1,985 million for the year under review.

Gross profit

Our gross profit decreased by 3% from HK$615 million for the year ended 30 September 2012 to HK$599 million for the year under review. Our gross profit margin decreased from 25% for the year ended 30 September 2012 to 23% for the year under review due to the following changes in the gross profit margin of each of our product categories.

Electronics Parts The gross profit margin of our Electronics Parts remained stable at 28% for the year under review compared to 28% for year ended 30 September 2012.

Construction and Industrial Products The gross profit margin of our Construction and Industrial Products dropped from 23% for the year ended 30 September 2012 to 18% for the year under review, mainly due to the weak performance of the AUD which affected the selling price and profit of the Group's export sales to Australia after the currency translation.

Branded OPLV Products The gross profit margin of our Branded OPLV Products decreased from 23% for the year ended 30 September 2012 to 19% for the year under review, mainly because of the additional promotion offers given to distributors.

Distribution and selling expenses

Distribution and selling expenses declined by 3% from HK$103 million for the year ended 30 September 2012 to HK$100 million for the year under review. The decline was mainly due to the decrease in advertising expenses being slightly offset by the increase in staff costs and travelling expenses.

Administrative expenses

Administrative expenses rose by 89% from HK$139 million for the year ended 30 September 2012 to HK$263 million for the year under review. The increase was mainly due to an increase in operating expenses, including (i) a larger head count for the Group's expansion of operation, staff costs, rental expenses and cost of utilities, (ii) the one-off discretionary and retirement bonuses for a director and staff, (iii) a one-time sign up fee for a director and (iv) the introduction of a staff talent attraction and retention programme for the year under review.

Other income

Other income declined by 50% from HK$4 million for the year ended 30 September 2012 to HK$2 million for the year under review. The decline was mainly due to a decrease in the confiscation of guarantee funds from customers recorded for the year under review.

Other (losses)/gains – net

Other (losses)/gains was decreased from a HK$27 million gain for the year ended 30 September 2012 to a HK$37 million loss for the year under review. The decrease was mainly due to the realised and unrealised exchange losses arising from the appreciation of the Renminbi and the depreciation of the AUD during the year under review compared to the realised exchange gains from the appreciation of the AUD for the year ended 30 September 2012.

Finance income

Finance income climbed by 625% from HK$209,000 for the year ended 30 September 2012 to HK$1,516,000 for the year under review. The rise was mainly due to higher interest income from our increased average balances of bank deposits.

Finance costs

Finance costs decreased by 15% from HK$26 million for the year ended 30 September 2012 to HK$22 million for the year under review. The decrease was mainly due to a decrease in interest expenses on bank borrowings wholly repayable within three to five years.

Income tax credit/(expense)

Our income tax expense decreased from HK$22 million for the year ended 30 September 2012 to a net write-back of prior years' tax provision of HK$34 million for the year under review, primarily due to the finalisation of PRC corporate income tax assessments for the years up to 2010 during the year under review.

Profit after tax for the year

Profit after tax for the year decreased 40% from HK$357 million for the year ended 30 September 2012 to HK$214 million for the year under review.

Currency translation differences

Currency translation differences increased from HK$487,000 for the year ended 30 September 2012 to HK$12 million for the year under review, mainly because of Renminbi appreciated at a higher rate against the Hong Kong dollar for the year under review as compared to the year ended 30 September 2012.

Total comprehensive income for the year

As a result of the foregoing, total comprehensive income decreased by 37% from HK$358 million for the year ended 30 September 2012 to HK$226 million for the year under review.

Liquidity, Financial Resources and Bank Loans

The Group had HK$499 million cash and cash equivalents (2012: HK$143 million) and HK$300 million of fixed bank deposits (2012: Nil) as at 30 September 2013. After taking into consideration the capital expenditure of the Group during the foreseeable future, the Group considers that our liquidity position is healthy.

Human Resources and Management

As at 30 September 2013, the Group employed approximately 4,400 staff. 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.

Foreign Exchange

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 are 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 only hedged AUD exchange risk against HKD during the year under review. We purchased the plain foreign-exchange forward contracts to hedge our exposure to foreign-exchange risk and did not enter into any high-risk derivative instrument contracts during the year under review.

The maximum value of outstanding plain foreign-exchange forward contracts we held at the end of the year under review and during the year under review the aggregate gains we experienced from the settlement of such contracts are summarised below:

Maximum value (AUD in million)	12
Gains (HKD in million)	5

Material Acquisition and Disposal

Save as the Reorganisation stated in the prospectus of the Company dated 23 January 2013 (the "**Prospectus**"), the Group has no other material acquisition and disposal for the year under review.

Taxation

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. Details have been set out in note 10 to the consolidated financial statements of this announcement.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 30 September 2013 were approximately HK$7 million (2012: HK$84 million), which was mainly related to the acquisition of machineries in the PRC.

Contingent Liabilities

As at 30 September 2013, the Group had no material contingent liabilities (2012: Nil).

Prospects

Sales of Electronic Parts Products to the Group's major customer have gradually picked up since October 2013. Going forward, the Group continues to capture opportunities in the Electronics Parts business by widening customer base, developing new products and further strengthening relationship with major customers. Our ongoing efforts to develop new products based on market demand are progressing and our research and development department is striving diligently to achieve the goals.

The Group will continue to further penetrate the Mainland China market for Branded OPLV Products by soliciting additional performing long-term distributors and expanding our distribution network in areas beyond existing coverage. We anticipate the growth rate of Branded OPLV Products sales will continue its current momentum and its profit margin will be improved.

As for Construction and Industrial Products, the Group expects the sales to Australia will remain stable while maintaining a steady profit margin. The Group will develop new customers in Hong Kong, Macau and other regions to compensate the loss of customers in Mainland China. We will continue to look for other opportunities in low risk financial instruments that may minimise the impact of foreign currency fluctuation to the Group's performance.

On 1 October 2013, the Company entered into an investment agreement with the People's Government of Wolong District of Nanyang City in the PRC pursuant to which the Group conditionally agreed to invest in two phases an aggregate sum of RMB3,000 million (approximately HK$3,780 million) for the establishment of an aluminium alloy production base at the Nanyang Optelectronics Industry Cluster Area. Subject to the result of acquisition of land in Nanyang City, Henan Province, the PRC ("**Nanyang**") through a public tender process and the development progress of the establishment of the production facilities in Nanyang, the production facilities of the Group currently located in Zengcheng, Guangdong Province, the PRC are to be eventually relocated to the new site in Nanyang. This project will be developed in two phases, additional capital will be injected in phases by not later than end of June 2017 and will be funded by internal resources of the Group and external financing where necessary. As production cost is generally higher in Guangdong province when compared with the inner provinces of the PRC, and Guangdong province has also experienced a shortage of labours in recent years, the establishment of a new production base in Nanyang and the planned relocation of the production facilities of the Group from Zengcheng to Nanyang would enable the Group to operate in a spacious environment, within close proximity to its customers, and enjoy lower operating costs.

In general, we will continue to diversify our product range and explore potential customers in order to minimise the risk of concentration of a particular product category, geographical market or group of customers.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 January 2014 to Wednesday, 29 January 2014, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 January 2014, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 January 2014.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Shares

The Company conducted the Global Offering of 300,000,000 shares of the Company in January 2013 and raised net proceeds of approximately HK$1,105 million. Details of the Global Offering are set out in the Prospectus. Since the Listing Date, the Company has not redeemed any of its listed securities during the year under review. Save for the Global Offering, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year under review.

Code on Corporate Governance

The Group is committed to maintaining high standards of corporate governance practices to enhance shareholders value and safeguard shareholders' interests. The Group's corporate governance principles emphasise the importance of a quality Board, effective internal controls and accountability to all the shareholders of the Company. In the opinion of the Directors, save for the deviation as disclosed below, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the period from the Listing Date to 30 September 2013. The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the year under review, the Company has not separated the roles of chairman and chief executive officer of the Company and Mr. Marcus Pan was the chairman and also the chief executive officer of the Company responsible for overseeing the operations of the Group during such period. Due to the nature and the extent of the Group's operations and Mr. Marcus Pan's in-depth knowledge and experience in the industry and his familiarity with the operations of the Group, the Company considers that it is not preferable to find an alternative candidate to replace Mr. Marcus Pan and serve at either of the positions at this stage. The Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of Appendix 14 of the Listing Rules as and when necessary.

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 four members who are the independent non-executive Directors, namely Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon, Mr. Wong Yee Shuen Wilson and Mr. Tse Chiang Kwok Nassar.

The Audit Committee and the management of the Company 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 30 September 2013 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.

By order of the Board
PanAsialum Holdings Company Limited
Marcus Pan
Chairman and CEO

16 December 2013

As at the date of this announcement, the executive Directors are Mr. Marcus Pan, Ms. Shao Lidan, Mr. Fung Chi Kong Felix, Mr. Lee Hui Fu and Ms. Ng Bonnie Po Ling, and the independent non-executive Directors are Mr. Tsang Wah Kwong, Mr. Chan Nim Leung Leon, Mr. Wong Yee Shuen Wilson and Mr. Tse Chiang Kwok Nassar.