



# 榮陽實業集團有限公司 PanAsialum Holdings Company Limited

*(incorporated in the Cayman Islands with limited liability)*

Stock Code : 2078

## GLOBAL OFFERING



Joint Global Coordinators and Joint Sponsors (in alphabetical order)

**HSBC**  **J.P. Morgan**

Joint Bookrunners

**HSBC**  **J.P. Morgan**  **農銀國際**  
ABC INTERNATIONAL  **UBS**

Joint Lead Managers

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ABC INTERNATIONAL  **UBS**  **交銀國際**  
BOCOM International  **CICC**  
中金香港証券  **PLATINUM**  
Securities

## IMPORTANT

**If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.**



# PanAsialum Holdings Company Limited

榮陽實業集團有限公司

(incorporated in the Cayman Islands with limited liability)

## GLOBAL OFFERING

Number of Offer Shares	: 300,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 30,000,000 Shares (subject to reallocation)
Number of International Offer Shares	: 270,000,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$4.50 per Offer Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%, payable in full on application subject to refund on final pricing
Nominal value	: HK\$0.10 per Share
Stock code	: 2078

Joint Global Coordinators and Joint Sponsors  
(in alphabetical order)



J.P. Morgan

Joint Bookrunners



J.P. Morgan



Joint Lead Managers



J.P. Morgan



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix VII "Documents Delivered to the Companies Registry and Available for Inspection" to this prospectus, has been registered by the Companies Registry in Hong Kong as required by section 342C of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Companies Registry in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about January 29, 2013 and, in any event, not later than January 30, 2013. The Offer Price will be not more than HK\$4.50 and is currently expected to be not less than HK\$3.46. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$4.50 for each Hong Kong Offer Share, together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$4.50. If, for any reason, the Joint Bookrunners (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Joint Bookrunners (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative offer price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced. Further details are set forth in the sections entitled "Structure of the Global Offering—The Hong Kong Public Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth in the section entitled "Risk Factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered to qualified institutional buyers in the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another available exemption from registration under the U.S. Securities Act or outside the United States in offshore transactions in accordance with Rule 903 or Rule 904 of Regulation S.

January 23, 2013

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times and on the websites of the Company and the Stock Exchange.*

Latest time to complete electronic applications under <b>White Form eIPO</b> service through the designated website <a href="http://www.eipo.com.hk">www.eipo.com.hk</a> <sup>(4)</sup> .....	11:30 a.m. on Monday, January 28, 2013
Application lists open <sup>(2)</sup> .....	11:45 a.m. on Monday, January 28, 2013
Latest time to lodge <b>WHITE</b> and <b>YELLOW</b> Application Forms .....	12:00 noon on Monday, January 28, 2013
Latest time to give <b>electronic application instructions</b> to HKSCC <sup>(3)</sup> .....	12:00 noon on Monday, January 28, 2013
Latest time to complete payment of <b>White Form eIPO</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) .....	12:00 noon on Monday, January 28, 2013
Application lists close .....	12:00 noon on Monday, January 28, 2013
Expected Price Determination Date <sup>(5)</sup> .....	Tuesday, January 29, 2013
(1) Announcement of	
• the Offer Price;	
• the level of applications in the Hong Kong Public Offering;	
• the level of indication of interest in the International Offering; and	
• the basis of allotment of the Hong Kong Offer Shares,	
to be published in <i>South China Morning Post</i> (in English) and <i>Hong Kong Economic Times</i> (in Chinese) on or before .....	Monday, February 4, 2013
(2) Results of allocations of the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see section entitled "How to Apply for Hong Kong Offer Shares—Publication of Results" in this prospectus) from .....	Monday, February 4, 2013
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the website of the Hong Kong Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our Company's website at <a href="http://www.palum.com">www.palum.com</a> from ..	Monday, February 4, 2013
Results of allocations in the Hong Kong Public Offering will be available at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> , with a "search by ID" function .....	Monday, February 4, 2013
Dispatch of <b>White Form</b> e-Refund payment instructions/refund cheques on or before <sup>(6)</sup> & <sup>(8)</sup> ....	Monday, February 4, 2013
Dispatch of share certificates on or before <sup>(7)</sup> & <sup>(8)</sup> .....	Monday, February 4, 2013
Dealings in Shares on the Stock Exchange expected to commence on .....	Tuesday, February 5, 2013

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Notes:

1. All times refer to Hong Kong local time, except as otherwise stated.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Monday, January 28, 2013, the application lists will not open on that day. Further information is set out in the section entitled “How to Apply for Hong Kong Offer Shares—Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open on Monday, January 28, 2013, the dates mentioned in this section entitled “Expected Timetable” may be affected. We will make a press announcement in such event.
3. If you apply by giving electronic application instructions to HKSCC, you should refer to the section entitled “How to Apply for Hong Kong Offer Shares—Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
4. You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
5. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Tuesday, January 29, 2013 and, in any event, not later than Wednesday, January 30, 2013. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters) and us by Wednesday, January 30, 2013, the Global Offering will not proceed and will lapse.
6. We will issue a refund to you if your application is wholly or partially unsuccessful pursuant to the Hong Kong Public Offering or if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third-party for refund purpose. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque. We will dispatch share certificates and refund cheques by ordinary post to you at your own risk to the address you specified in your Application Form unless you have elected for personal collection.
7. Share certificates for the Hong Kong Offer Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects; and (ii) the Underwriting Agreements have not been terminated in accordance with their terms before 8:00 a.m. on the date on which our Shares are first listed and from which dealing therein are permitted to take place on the Stock Exchange, or the Listing Date, which is expected to be Tuesday, February 5, 2013. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible.
8. Applicants who have applied on **WHITE** Application Forms or through **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their applications that they wish to collect any refund cheques (where applicable) and share certificates in person may do so from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited between 9:00 a.m. to 1:00 p.m. on Monday, February 4, 2013. Applicants being individuals who opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporation stamped with the corporation’s chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Share Registrar at the time of collection. Applicants who have applied using **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section entitled “How to Apply for Hong Kong Offer Shares—Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus for details.

**For details of the structure of the Global Offering, including its conditions, you should refer to the section entitled “Structure of the Global Offering.”**

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### **IMPORTANT NOTICE TO INVESTORS**

*This prospectus is issued by PanAsialum Holdings Company Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person or party involved in the Global Offering.*

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## SUMMARY AND HIGHLIGHTS

***This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section entitled "Risk Factors" beginning on page 31 of this prospectus. You should read that section carefully before you decide to invest in our Shares.***

### Overview

We are a fast-growing aluminum products manufacturer based in Guangdong Province, China, with a large and diverse portfolio of high-quality products. During the Track Record Period, we had an increasing focus on high-value-added high-precision aluminum parts for cutting-edge electronic products, complemented by aluminum extrusion products for a variety of industries which contributed stable revenue. We have established sales channels and market presence in the PRC, Hong Kong and overseas. We have achieved significant growth in recent years. For the years ended September 30, 2010, 2011 and 2012, we recorded revenue of HK\$1,366.9 million, HK\$2,090.6 million and HK\$2,437.0 million, respectively, representing a CAGR of 33.5%, and profit for the year of HK\$86.7 million, HK\$260.3 million and HK\$357.1 million, respectively, representing a CAGR of 102.9%.

We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. The following table sets out our revenue by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Revenue</b>						
Electronics Parts .....	119.8	8.8%	791.5	37.9%	1,143.5	46.9%
Branded OPLV Products .....	129.4	9.4%	182.7	8.7%	258.2	10.6%
Construction and Industrial Products .....	1,117.7	81.8%	1,116.4	53.4%	1,035.3	42.5%
<b>Total</b> .....	<u>1,366.9</u>	<u>100.0%</u>	<u>2,090.6</u>	<u>100.0%</u>	<u>2,437.0</u>	<u>100.0%</u>

**Electronics Parts.** Our products in the Electronics Parts category include aluminum parts for some of the world's most popular portable consumer electronic products by a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis. We supply such parts to the Foxconn Companies, which are major contract manufacturers for such designer. We are currently the only external supplier to the Foxconn Companies that fabricates the aluminum unibody chassis for the popular multimedia tablets, employing advanced CNC machining centers. We commenced operations of a plant dedicated to CNC processing in October 2011, and made our first shipment of the unibody chassis to the Foxconn Companies in November 2011. As of the Latest Practicable Date, we had an annualized processing capacity of 45.7 million units of such unibody chassis. Since 2009, we have also supplied the Foxconn Companies with aluminum plates of required specifications, which they further process into unibody chassis for the multimedia tablets, as well as the laptop computers, in-house. Our Electronics Parts also include aluminum components for personal computers or other electronic devices, mostly heat sink products, supplied to the Foxconn Companies and other customers. Primarily driven by sales of the aluminum plates and unibody chassis to the Foxconn Companies, our Electronics Parts sales revenue experienced significant growth since 2011, which accounted for most of our revenue growth for the same period. Our Electronics Parts sales revenue amounted to HK\$791.5 million and HK\$1,143.5 million for the years ended September 30, 2011 and 2012, respectively, compared to HK\$119.8 million for the year ended September 30, 2010.

## SUMMARY AND HIGHLIGHTS

**Branded OPLV Products.** Our Branded OPLV Products comprise mid- to high-end integrated aluminum door and window systems, which we have manufactured and sold under the “OPLV” (“澳普利發”) brand since 2008, primarily through our OPLV Distributors in China. We also sell some of our Branded OPLV Products directly to end-customers, generally through referrals from OPLV Distributors. Over a relatively short period of time, we have substantially grown revenue from Branded OPLV Products and developed a broad distribution network, comprising 577 active OPLV Distributors in 27 provinces across China as of September 30, 2012. We believe that we have developed a strong OPLV brand where we market our Branded OPLV Products by enforcing uniform sales and marketing strategies through our OPLV Distributors. We also believe that our Branded OPLV Products, which are designed as integrated systems, provide our customers with a valuable alternative to conventional aluminum door and window frames marketed in China that are sold in bulk to the construction and home remodeling industries.

**Construction and Industrial Products.** Our Construction and Industrial Products are primarily components and materials used for exterior and interior architectural decoration and furnishings and in various other industries. Prior to 2011, Construction and Industrial Products accounted for a majority of our total sales revenue. Since 2011, with the significant growth in our Electronics Parts segment, our reliance on Construction and Industrial Products gradually declined, but they have nevertheless remained an important part of our product portfolio. We have made substantial sales of our Construction and Industrial Products in the PRC and Hong Kong as well as overseas markets, including Australia, Canada, the United States, South Africa and Malaysia. According to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively.

The following table sets out our gross profit and gross profit margin by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
Electronics Parts .....	9.3	7.7%	183.0	23.1%	317.5	27.8%
Branded OPLV Products .....	32.3	24.9%	43.7	23.9%	58.6	22.7%
Construction and Industrial Products .....	250.3	22.4%	278.0	24.9%	238.8	23.1%
<b>Total</b> .....	<u>291.9</u>	21.4%	<u>504.7</u>	24.1%	<u>614.9</u>	25.2%

The profitability of our Electronics Parts business increased substantially during the Track Record Period, particularly since 2011, as we manufactured and sold more high-value-added high-precision parts for cutting-edge electronic products. The varying and fluctuating levels of profitability of our Construction and Industrial Products in different markets through different periods are primarily a consequence of the local competitive landscape, regulatory environment and our business strategies in the respective markets over time. See “Financial Information” beginning on page 170 in this prospectus for a detailed analysis of our gross profit and gross profit margin.

### Our Relationship with the Foxconn Companies

During the Track Record Period, we derived 34.0% of our total revenue from sales to the Foxconn Companies\*, which are among the largest contract manufacturers of electronic products in the world. In particular, the Foxconn Companies are among the largest suppliers to a leading global consumer electronics designer, assembling for it various popular product lines such as multimedia

\* For the avoidance of confusion, as of the date of this prospectus, we understand from public information that Hon Hai Precision Industry Co., Ltd owns a majority interest in Foxconn International Holdings Limited, a company listed on the Main Board (Stock Code: 2038), and we have not had a trade relationship with Foxconn International Holdings Limited and its subsidiaries during the Track Record Period and up to the Latest Practicable Date.



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## SUMMARY AND HIGHLIGHTS

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tablets, laptop computers, desktop computers and smartphones. We have maintained a business relationship with the Foxconn Companies for over 12 years and supplied to them products with increasing variety and technical complexity. We are one of their major aluminum parts suppliers. During the Track Record Period, we supplied the Foxconn Companies, all based in the PRC, with the various types of products, all of which were in our Electronics Parts product category, including (i) unibody chassis and plates for multimedia tablets; (ii) plates for laptop computers; and (iii) heat sinks and other products. We have recently begun supplying the Foxconn Companies with aluminum cases for miniature desktop computers.

For the years ended September 30, 2010, 2011 and 2012, our aggregate sales revenue from the Foxconn Companies amounted to HK\$107.2 million, HK\$786.2 million and HK\$1,113.0 million, respectively, accounting for 7.9%, 37.6% and 45.7% of our total sales revenue for the same years, respectively. Both increasing trends are attributable to the enlarged orders for the plates and unibody chassis since 2011.

We have historically supplied products to the various Foxconn Companies under individual orders, and did not enter into any formal agreement with them prior to July 2011. In July 2011, we entered into a five-year agreement with the Foxconn Companies, which we believe is typical in our industry for significant suppliers to the Foxconn Companies. As advised by Jingtian & Gongcheng, our PRC legal advisers, the agreement is legally binding upon both parties. It does not specify the types or quantities of products to be transacted, nor does it include any pricing terms or minimum purchase requirements on the Foxconn Companies. It is legally binding insofar as it establishes the mechanism through which we may consummate individual sales transactions with them, with various undertakings and subject to certain other obligations binding on us or the Foxconn Companies.

Since the Foxconn Companies are a major customer to us, we have granted it credit periods. We extended such credit period from 45 days to 60 days on September 1, 2011 and further to 90 days on December 1, 2011 as our trade relationship with the Foxconn Companies continued to strengthen. As of September 30, 2010, 2011 and 2012, the balance of our aggregate trade receivables from the Foxconn Companies amounted to HK\$26.4 million, HK\$152.9 million and HK\$415.3 million, respectively, accounting for 7.3%, 29.2% and 51.0% of our total trade receivable balances as of the same dates, respectively. The increasing trends are in line with our significantly increased sales to the Foxconn Companies and the longer credit term.

Going forward, we expect to continue to supply to the Foxconn Companies unibody chassis for multimedia tablets, plates for multimedia tablets and laptop computers and heat sink products. In addition, we currently have preliminary plans to manufacture certain new products to supply to the Foxconn Companies, including aluminum cases and stands for integrated desktop computers and aluminum unibody chassis for the popular laptop computers.

As the volume and variety of orders grow, we believe we have become an increasingly important supplier to the Foxconn Companies, particularly with respect to certain end-products by the leading global designer. For example, the Foxconn Companies estimate that the aluminum unibody chassis and plates supplied by us for purposes of the multimedia tablets accounted for over 50% of such devices assembled by the Foxconn Companies since the year ended September 30, 2011. As such, in the fast-paced global consumer electronics supply chain, we believe our business relationship with the Foxconn Companies will remain stable and continue to strengthen. However, we have a relatively short history of supplying the Foxconn Companies on such a large scale, and we cannot assure you that our historical growth in sales to the Foxconn Companies will continue.

Through our relationship with the Foxconn Companies, we believe we have accumulated valuable experience and technical expertise with respect to high-precision and high-quality aluminum products and established name recognition in the industry, particularly the consumer electronics sector. We believe we are among a few manufacturers in our industry in China that employ the advanced CNC machining centers to produce aluminum parts for some of the world's most popular consumer

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## SUMMARY AND HIGHLIGHTS

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electronic devices on a large scale. If, however, there should be any unforeseen decrease in purchase orders from the Foxconn Companies, we intend to carry out a number of contingency measures to seek cooperation with other manufacturers in the broad consumer electronics industry to supply high-precision aluminum parts. We are confident that we would be able to establish alternative customer relationships based on our technical expertise and experience, existing large-scale production capacity (particularly CNC processing capacity) and our reputation and track record as a supplier to the Foxconn Companies. Our relevant production facilities (including CNC machining centers, most of which were purchased from the Foxconn Companies and all of which are currently devoted to manufacturing parts to supply to the Foxconn Companies) are capable of being re-programmed and re-deployed to produce the alternative products for new customers.

For further details, see “Business—Our Products—Electronics Parts—Relationship with the Foxconn Companies” beginning on page 110 of this prospectus.

### **Export Sales of Construction and Industrial Products**

We have derived a substantial portion of our revenue and profit from the export of our Construction and Industrial Products to overseas markets. During the Track Record Period, certain governments, including those in Australia, Canada and the United States, instituted investigations and imposed anti-dumping and countervailing duties on Chinese aluminum extrusion products exported to such countries. Such duties, which are payable by the importers in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a disadvantage relative to local producers. As a result, our sales to Canada and the United States fell substantially during the Track Record Period and we have withdrawn from the U.S. market. The anti-dumping and countervailing duties imposed in Australia, our largest export market during the Track Record Period, were substantially lower than those imposed in Canada or the United States, leaving a lesser impact on our exports to Australia. A strong Australian dollar during the relevant period also helped maintain our revenue growth from Australian sales. Nevertheless, in terms of sales volume, our sales to Australia decreased in the year ended September 30, 2011 as compared to the year before. We have endeavored to and plan to continue to mitigate the impact of the anti-dumping and countervailing duties by encouraging importers in Australia and Canada to buy assembled, “ready-for-sale” (i.e., finished) goods from us which are under different customs codes from unfinished goods and not subject to the duties. We have also appealed against the imposition of the duties in Australia. The outcome of the currently ongoing legal proceedings, expected in the first half of 2013, may affect our future sales to Australia.

In the past, we had a number of subsidiaries in Australia and Canada through which we conducted sales to customers in the respective markets directly. Due to diminished prospects in these markets following the imposition of government trade measures and due to our strategic shift of business focus to opportunities in the Greater China market, especially the Electronics Parts business with the Foxconn Companies, we disposed of and dissolved the former subsidiaries in Australia and Canada during the Track Record Period. In Australia, our former subsidiaries included P & O Group and Oceanic. Immediately before the disposal of these subsidiaries, P & O Group was wholly owned by us and wholly owned P & O Rolled Products and five other operating subsidiaries in Australia; Oceanic was held as to 75% by Super Result Limited (“Super Result”), a company wholly owned by us, and as to 15% and 10% by Flying Century Limited and Win Win Way Limited, respectively, which we understand were wholly owned by Mr. Martin Yunzhong Chen, a director of P & O Group, P & O Rolled Products and Oceanic. We sold Super Result to Mr. Li Shuxiong on May 31, 2009, P & O Rolled Products to Smart Decision Trading Limited (“Smart Decision”) on December 30, 2009 and P & O Group to Joy Group Pacific Limited (“Joy Group”) on December 31, 2009. Mr. Li is a cousin of Mr. Marcus Pan and at the respective time of disposal, according to our knowledge, Smart Decision was owned by Mr. Li, Mr. Liu Zhifen, a director of P & O Group, and Zealweek Pty Limited, an Independent Third Party, as to 35%, 35% and 30%, respectively, and Joy Group was wholly owned by Mr. Liu. We understand that Mr. Li subsequently sold Super Result to Joy Group on December 31, 2009, as a result of which both P & O Group and Oceanic were owned by Joy Group, then owned by Mr. Liu. We

## SUMMARY AND HIGHLIGHTS

understand that Joy Group was subsequently sold by Mr. Liu to an Independent Third Party on July 30, 2010, and in July 2010 and January 2012, Mr. Liu and Mr. Li sold all of their respective interests in Smart Decision to such Independent Third Party. We understand that, as of the Latest Practicable Date, this Independent Third Party, through its interests in Joy Group and Smart Decision, held the entire equity interests in P & O Group and Oceanic and 70% of the equity interest in P & O Rolled Products. See “Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic” beginning on page 119 in this prospectus.

After the disposals, the P & O Companies became our major customer in Australia. For the years ended September 30, 2010, 2011 and 2012, our revenue derived from sales to the P & O Companies amounted to HK\$402.0 million, HK\$624.0 million and HK\$629.1 million, respectively. As one of our major customers, we grant the P & O Companies a credit period of 90 days. The tables below set forth our trade receivables due from the P & O Companies as well as the overdue portion thereof as of the dates indicated and the corresponding trade receivables turnover days.

	As of September 30,			As of the Latest Practicable Date
	2010	2011	2012	
	(HK\$ in millions)			
Trade receivables due from the P & O Companies .....	247.3	284.8	348.7	305.2
Overdue portion .....	121.8	155.9	225.0	143.0
	Year ended September 30,			Three months ended December 31, 2012
	2010	2011	2012	
P & O Companies trade receivables turnover days <sup>(1)</sup> .....	112	156	184	167

*Note:*

(1) Calculated based on the average balance of trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

We understand from the P & O Companies that their performance has been in line with the general aluminum extrusion industry in Australia, which has contracted during the Track Record Period. We also understand from the P & O Companies that their performance for 2012 is expected to be better than the year before, and that their financial position at the end of 2012 is expected to be not materially different from the year before.

## SUMMARY AND HIGHLIGHTS

The following table sets forth a breakdown of gross profits and gross profit margins attributable to our sales to the different markets affected by the anti-dumping and countervailing duties, as well as those attributable to our various former subsidiaries, during the Track Record Period:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Gross profit and gross profit margin</b>						
<i>Markets affected by duties</i>						
North America .....	17.1	14.3%	7.0 <sup>(1)</sup>	13.1%	3.1 <sup>(2)</sup>	6.2%
Former subsidiaries <sup>(3)</sup> .....	1.1	11.4%	0.8	8.8%	—	—
Other customers .....	16.0	14.6%	6.2	13.9%	3.1	6.2%
Australia .....	202.1	29.8%	234.5	32.0%	207.1	28.3%
Former subsidiaries <sup>(4)</sup> .....	104.3	26.0%	181.8	29.1%	163.2	25.9%
Other customers .....	97.7	35.3%	52.7	48.5%	43.9	42.3%
<i>Unaffected markets</i>						
PRC .....	57.1	11.4%	238.9	20.3%	386.2	25.2%
Hong Kong .....	15.2	27.3%	22.1	22.9%	16.6	23.3%
Others <sup>(5)</sup> .....	0.3	3.1%	2.2	6.5%	1.9	3.6%
<b>Total</b> .....	<u>291.9</u>	21.4%	<u>504.7</u>	24.1%	<u>614.9</u>	25.2%

*Notes:*

- (1) Substantially all of the sales were made in Canada.
- (2) All of the sales were made in Canada.
- (3) Namely, PanAsia Aluminum (Toronto), which was disposed of by us on December 31, 2009 and subsequently dissolved on October 26, 2011.
- (4) Namely, Oceanic, P & O Rolled Products and P & O Group, which were disposed of by us on May 31, December 30 and December 31, 2009, respectively.
- (5) Include South Africa and Malaysia.

The above gross profit margins for other customers in Australia in the year ended September 30, 2011 were high primarily because (i) we began to sell assembled, “ready-for-sale” products to Australia not subject to the anti-dumping and countervailing duties in response to the duties and (ii) the prices included consultancy fees in relation to new product development, packaging, logistics and related arrangements. Additionally, the gross profit margins for sales to our former subsidiaries in Australia were not as high as for other customers due in part to volume discounts that we provide to the P & O Companies for their large-scale purchases of our products, and because the P & O Companies act as an Australian distributor for our products, on-selling semi-finished products to other Australian manufacturers, whereas most of our other customers in Australia purchase finished goods for sale to end-customers. The gross profit margin for sales to other customers in Australia decreased in the year ended September 30, 2012 as market competition increased and consultancy fees decreased after the consultant became less involved following the introduction of new products.

## SUMMARY AND HIGHLIGHTS

The table below sets forth a profitability analysis of our sales to the P & O Companies and other customers in Australia by timing and by the various product types as indicated.

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Gross profit and gross profit margin of Australia sales</b>						
<i>Prior to imposition of duties</i>						
All goods	121.7	30.8%	—	—	—	—
<i>Post imposition of duties</i>						
Ready-for-sale goods (not subject to duties)	9.2	48.9%	44.3	52.2%	38.6	44.8%
P & O Companies	—	—	—	—	—	—
Other customers	9.2	48.9%	44.3	52.2%	38.6	44.8%
Semi-finished goods (not subject to duties)	8.3	9.9%	47.2	17.6%	64.6	22.7%
P & O Companies	8.3	9.9%	41.7	16.2%	59.6	22.2%
Other customers	— <sup>(1)</sup>	23.8%	5.5	49.5%	5.0	30.5%
Goods subject to duties	62.9	34.5%	143.0	37.7%	103.9	28.7%
P & O Companies	54.6	37.0%	140.0	38.2%	103.6	28.7%
Other customers	8.3	24.1%	3.0	23.8%	0.3	27.3%
<b>Total</b>	<b>202.1</b>	<b>29.8%</b>	<b>234.5</b>	<b>32.0%</b>	<b>207.1</b>	<b>28.3%</b>

Note:

(1) Less than HK\$50,000

Our Directors consider our strategic shift of business focus to the Greater China market and the Electronics Parts segment, and the accompanying decline in our reliance on the export sales of our Construction and Industrial Products, to be an important transition in our development and in the best interest of our long-term growth. At the same time, our Directors expect Construction and Industrial Products to remain an important segment of our business, and remain committed to maintaining our competitiveness in overseas markets if the regulatory environment allows. In particular, our Directors expect Australia to remain an important market for our products, and intend to continue to pursue our business model in Australia since the disposal of our former subsidiaries there, under which we sell our products to a small number of major customers, including the P & O Companies, our former subsidiaries. Our Directors expect our sales to Australia to remain stable in the near future, or begin to experience growth if the outcome of the trade litigation in Australia is favorable to us. As our current business model in Australia has a relatively short history, however, we cannot assure you that we will be successful in maintaining our competitive position in Australia.

### Our Competitive Strengths and Business Strategies

We believe that our market position and rapid-growth profile are principally attributable to the following competitive strengths:

- Strong position in the fast-growing consumer electronics market segment and strong relationship with leading consumer electronics contract manufacturer;
- Vertical integration of aluminum product manufacturing capabilities; and
- Diversified product portfolio with a strong focus on high-value-added products.

We have transitioned our business focus from traditional aluminum extrusion products to a diversified product portfolio encompassing aluminum parts for cutting-edge consumer electronic products, branded integrated door and window systems and aluminum extrusions for applications in

## SUMMARY AND HIGHLIGHTS

the construction and various other industries. We intend to continue our business diversification and strive to obtain a leading position in the consumer electronics parts market segment. We intend to achieve these goals by pursuing the following principal strategies:

- Further strengthen our relationship with the Foxconn Companies and major customer in Australia; and
- Expand our manufacturing capacity to meet the rapid growth in demand for our products and continue to improve our manufacturing efficiency to further enhance profitability.

You can find more detailed discussions of these strengths and strategies in the sections entitled “Business—Competitive Strengths” and “—Business Strategies” beginning on page 106 of this prospectus.

### Summary Financial Information

Our financial year commences on October 1 and concludes on September 30 of the following year. The following tables summarize our combined financial information as of, and for the years ended, September 30, 2010, 2011 and 2012. We have extracted this summary financial information from the Accountant’s Report, the text of which is set forth in Appendix I to this prospectus, and you should read the combined financial information, including the notes to such financial information, included in Appendix I in its entirety for more details.

### Summary Combined Statement of Comprehensive Income Data

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in thousands)		
Revenue . . . . .	1,366,944	2,090,575	2,436,995
Cost of sales . . . . .	(1,075,078)	(1,585,897)	(1,822,114)
<b>Gross profit</b> . . . . .	291,866	504,678	614,881
Distribution and selling expenses . . . . .	(115,588)	(89,296)	(102,630)
Administrative expenses . . . . .	(80,062)	(82,271)	(138,703)
Other income . . . . .	7,023	7,815	4,013
Other gains/(losses)—net . . . . .	5,672	(45,240)	27,233
<b>Operating profit</b> . . . . .	108,911	295,686	404,794
Finance income . . . . .	152	173	209
Finance costs . . . . .	(14,137)	(21,509)	(25,689)
Finance costs—net . . . . .	(13,985)	(21,336)	(25,480)
<b>Profit before income tax</b> . . . . .	94,926	274,350	379,314
Income tax expense . . . . .	(8,246)	(14,058)	(22,226)
<b>Profit for the year</b> . . . . .	86,680	260,292	357,088
Currency translation differences . . . . .	(5,479)	9,649	487
<b>Total comprehensive income for the year</b> . . . . .	81,201	269,941	357,575
<b>Profit attributable to:</b>			
Equity holders of the Company . . . . .	86,680	260,292	357,088
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company . . . . .	81,201	269,941	357,575

## SUMMARY AND HIGHLIGHTS

### **Summary Combined Balance Sheet Data**

	As of September 30,		
	2010	2011	2012
	(HK\$ in thousands)		
Non-current assets .....	158,496	206,816	425,752
Current assets .....	724,471	937,105	1,307,388
Current liabilities .....	442,596	505,132	997,185
Non-current liabilities .....	1,932	409	—
Total liabilities .....	444,528	505,541	997,185
Net current assets .....	281,875	431,973	310,203
Total equity .....	438,439	638,380	735,955
Total equity and liabilities .....	882,967	1,143,921	1,733,140
Total assets less current liabilities .....	440,371	638,789	735,955

### **Summary Combined Statement of Cash Flow Data**

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in thousands)		
Net cash generated from operating activities .....	94,972	86,879	162,097
Net cash used in investing activities .....	(27,269)	(77,097)	(243,113)
Net cash (used in)/generated from financing activities .....	(5,770)	(39,272)	112,167
Cash and cash equivalents at the beginning of year .....	77,205	139,490	111,352
Cash and cash equivalents at the end of year .....	139,490	111,352	143,303

### **Recent Developments**

The profitability of our business remained stable since September 30, 2012, the end of the period reported on in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. For the two months ended November 30, 2012, our unaudited revenue was HK\$476.5 million, and our unaudited gross profit margin was 30.3%. The average selling price of our products was HK\$38.21 per kilogram for the two months ended November 30, 2012, slightly higher than the average selling price of our products of HK\$34.66 per kilogram for the year ended September 30, 2012.

The aluminum industry has grown steadily recently since 2012, driven by downstream demand. In the first half of 2012, the output of aluminum, aluminum semis and aluminum alloy extrusion in China reached 9.49 million MT, 13.58 million MT and 4.95 million MT, respectively, increasing by 9.77%, 11.29% and 8.8%, respectively, compared with the first half of 2011. Our average purchase price of aluminum ingots, our major raw material, was HK\$18.44 per kilogram for the year ended September 30, 2012 and HK\$16.11 per kilogram for the two months ended November 30, 2012, compared to HK\$17.89 per kilogram for the year ended September 30, 2011.

### **Profit Forecast for the Six Months Ending March 31, 2013**

Under to Rule 11.18 of the Listing Rules, we have given an undertaking to the Stock Exchange that the interim report for the six months ended March 31, 2013 will be audited.

## SUMMARY AND HIGHLIGHTS

We have prepared the following profit forecast for the six months ending March 31, 2013 on the bases set out in Appendix III to this prospectus. You should read these bases in Appendix III when you analyze our profit forecast for the six months ending March 31, 2013.

Forecast consolidated profit attributable to the equity holders of  
the Company for the six months ending March 31, 2013<sup>(1)</sup> . . . . . Not less than HK\$232.9 million  
Unaudited *pro forma* forecast earnings per Share for the six  
months ending March 31, 2013<sup>(2)</sup> . . . . . Not less than HK\$0.19

*Notes:*

- (1) The forecast consolidated profit attributable to the equity holders of the Company for the six months ending March 31, 2013 is extracted from the section entitled “Financial Information—Profit Forecast For The Six Months Ending March 31, 2013” in this prospectus. The bases on which the above profit forecast has been prepared are summarized in Appendix III to this prospectus. Our Directors have prepared the above profit forecast based on our unaudited consolidated results based on the unaudited management accounts for the two months ended November 30, 2012 and a forecast of the consolidated results for the remaining four months ending March 31, 2013. The profit forecast has been prepared on a basis consistent in all material respects with our accounting policies presently adopted as set out in Note 2 of Section II of the Accountant’s Report of our Company, the text of which is set out in Appendix I to the prospectus.
- (2) The unaudited *pro forma* forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to the equity holders of the Company for the six months ending March 31, 2013 by 1,200,000,000 Shares on the basis that these Shares were in issue during the entire period and assuming that the Capitalization Issue and the Global Offering had been completed on October 1, 2012. The calculation takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots, and purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. The spot price of aluminum has fluctuated in the past and during the Track Record Period. Historically, we have included the price of aluminum as an inherent component in pricing our products to pass such costs on to our customers. Our Directors confirm that we will continue such pricing strategy in the future.

For illustration purposes only, the following table shows the sensitivity of our forecast net profit for the six months ending March 31, 2013 with regard to changes in average aluminum ingot prices, assuming we are not able to pass on such changes to our customers while all other factors (including revenue) remain unchanged. The range of aluminum ingot prices for the sensitivity analysis is based on the historical low and high aluminum ingot prices during the Track Record Period:

	TRP low of RMB11,500/MT	TRP monthly average of RMB14,842/MT	TRP high of RMB16,230/MT
	(HK\$ in thousands)		
<b>Changes in profit forecast for the six months ending March 31, 2013</b> . . . . .	64,824	(77,539)	(136,661)

*Note:*

The magnitude of changes in the upside case will be the “mirror image” of the downside case only if the spot price happens to be exactly in the middle, which was not the case in reality during the Track Record Period. Therefore, in different points in time, the magnitude of upward changes differs from that of downward changes.

The above sensitivity analysis has not considered the adjustment of selling price to respond to fluctuations in the price of aluminum. Our Directors believe that the actual impact on net profit will be significantly less than the above illustration, as we intend to adjust selling prices of our products based on our pricing policy in response to change in aluminum prices.



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## SUMMARY AND HIGHLIGHTS

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### Global Offering Statistics<sup>(1)(4)</sup>

	<u>Based on an Offer Price of HK\$3.46 per Share</u>	<u>Based on an Offer Price of HK\$4.50 per Share</u>
Market capitalization of our Shares <sup>(2)</sup> . . . . .	HK\$4,152 million	HK\$5,400 million
Unaudited <i>pro forma</i> adjusted net tangible asset value per Share <sup>(2)(3)</sup> . . . . .	HK\$1.39	HK\$1.65

*Notes:*

- (1) Assuming no exercise of options which may be granted under the Share Option Scheme.
- (2) Based on 1,200,000,000 Shares in issue immediately after the completion of the Reorganization, the Capitalization Issue and the Global Offering but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme or any Share which may be granted and issued or repurchased by the Company pursuant to the general mandate and the generate mandate to repurchase Shares.
- (3) The unaudited *pro forma* net tangible assets value per Share has been arrived at after the adjustments referred to in the paragraph in the section entitled “Financial Information—Unaudited *Pro Forma* Statement of Adjusted Net Tangible Assets” in the prospectus.
- (4) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to September 30, 2012.

### Listing Expenses

Pursuant to Hong Kong Accounting Standard 32 issued by the Hong Kong Institute of Certified Public Accountants, transaction costs of an equity transaction are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. There were no prepayments relating to listing expenses as of September 30, 2010 and 2011. For the year ended September 30, 2012, listing expenses of HK\$28.5 million were incurred, out of which an amount of HK\$4.4 million was regarded as incremental costs directly attributable to the proposed issue of new Shares under the Global Offering. Such amount was included as prepayments in our combined statement of financial position as of September 30, 2012 and will be deducted from equity upon completion of the Global Offering. The remaining amount of HK\$24.1 million was regarded as costs associated with the Listing and charged to our combined statement of comprehensive income for the year ended September 30, 2012. We estimate that a further HK\$7.0 million will be incurred by March 31, 2013 as costs associated with the Listing to the extent they are incremental costs not attributable to the equity transaction and charged to our combined statement of comprehensive income. Our listing expenses mainly comprise of professional fees paid to legal advisers and the reporting accountant for their services rendered in relation to the Listing and the Global Offering.

### Future Plans and Use of Proceeds

The net proceeds we expect to receive from the Global Offering (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$906.9 million, assuming an Offer Price of HK\$3.46 per Share, or HK\$1,218.9 million, assuming an Offer Price of HK\$4.50 per Share.

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## SUMMARY AND HIGHLIGHTS

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Assuming an Offer Price of HK\$3.98 per Offer Share, being the mid-point of the stated Offer Price range of HK\$3.46 to HK\$4.50 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$1,062.9 million, which we plan to use as follows:

- approximately HK\$797.2 million, or 75% of the net proceeds, will be used for capital expenditures, including:
  - (i) approximately HK\$478.3 million, or 45% of net proceeds, for the establishment of a new production line, including the purchase of cutting and polishing machinery from an Independent Third Party and approximately 200 CNC machining centers from the Foxconn Companies, for the planned manufacture of aluminum cases and stands for a line of integrated desktop computers to supply to the Foxconn Companies, which assemble such integrated desktop computers for a leading global consumer electronics designer;
  - (ii) approximately HK\$53.2 million, or 5% of net proceeds, for the purchase of approximately 135 CNC machining centers from the Foxconn Companies and other machinery with an estimated annualized production capacity of 6 million pieces, to produce aluminum unibody chassis for laptop computers to supply to the Foxconn Companies, which assemble such laptop computers for the leading global consumer electronics designer; and
  - (iii) approximately HK\$265.7 million, or 25% of net proceeds, for the contemplated relocation of our main plant to a new site in Zengcheng, Guangzhou and expansion of our general aluminum extrusion production capacity;

We plan to initially use the various types of new machinery to be acquired for purposes as described above. We may re-deploy our CNC manufacturing facilities, including these new facilities, to manufacture other products, subject to actual customer demand.

- approximately HK\$212.6 million, or 20% of the net proceeds, will be used to repay a portion of our short-term bank borrowings under a revolving loan facility provided by a PRC branch of HSBC for our purchase of aluminum ingots, which carry interest at 110% of the benchmark PBOC lending rate and have a maturity of 120 days for each draw-down; and
- approximately HK\$53.1 million, or 5% of the net proceeds, will be used for working capital and other general corporate purposes.

If the Offer Price is fixed at HK\$4.50, being the high end of the stated Offer Share range, our net proceeds will increase by approximately HK\$156.0 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. We intend to allocate such additional proceeds to the above uses proportionally. If the Offer Price is fixed at HK\$3.46, being the low end of the stated Offer Price range, our net proceeds will instead decrease by approximately HK\$156.0 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. In this case, we intend to reduce our use of proceeds proportionately as earmarked. To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments. The Company will not receive the net proceeds of any exercise of the Over-allotment Option.

### Risk Factors

Our business is subject to a number of risks, including but not limited to risks relating to our relationships with major customers, including the Foxconn Companies and the P & O Companies,

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## **SUMMARY AND HIGHLIGHTS**

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which are our largest customers for the Electronics Parts and Australia segments, respectively; risks relating to the imposition by foreign governments of trade regulation measures, including anti-dumping and countervailing duties, on our exported products, from which we derive substantial revenue; and foreign-exchange risk due to our exposure to overseas markets to which we export our products. For further information relating to these and other risks relating to an investment in our Shares, see the section entitled “Risk Factors” beginning on page 31 of this prospectus.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section entitled “Glossary of Technical Terms” in this prospectus.*

“ABI Research”	Allied Business Intelligence, Inc., a market intelligence company specializing in global connectivity and emerging technology
“Application Form(s)”	<b>WHITE</b> application form(s), <b>YELLOW</b> application form(s) and <b>GREEN</b> application form(s) or, where the context so requires, any of them that is used in connection with the Hong Kong Public Offering
“AQSIQ”	PRC General Administration of Quality Supervision, Inspection and Quarantine (中華人民共和國質量監督檢驗檢疫總局) or, as the context may require, its provincial, municipal or local counterparts
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on January 18, 2013 and to take effect on the Listing Date, as supplemented, amended or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Australian dollar(s)” or “A\$”	Australian dollars, the lawful currency of Australia
“Australia”	the Commonwealth of Australia
“Board of Directors” or “Board”	our board of Directors
“Branded OPLV Products”	one of our three product categories during the Track Record Period, comprising aluminum door and window frames marketed under our “OPLV” (“澳普利發”) brand
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Canadian dollar(s)” or “CA\$”	Canadian dollars, the lawful currency of Canada
“Capitalization Issue”	the issue of Shares to be made upon capitalization of the share premium account of our Company as referred to in the section entitled “Statutory and General Information—Further information about Our Company and Our Subsidiaries—Resolutions in writing of the shareholders of our Company passed on January 18, 2013” in Appendix VI to this prospectus
“Cayman Islands Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
“CEPA Chance”	CEPA Chance Investments Limited, a company incorporated in BVI with limited liability on December 8, 2003, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company
“China” or the “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this prospectus, references in this prospectus to China or the PRC exclude Hong Kong, Macau and Taiwan
“Chinese government” or the “PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“Chengdu Zhencheng”	成都珍誠貿易有限公司 (Chengdu Zhencheng Trading Co., Ltd.), a company established under the laws of the PRC with limited liability on November 22, 2012, which is wholly owned by PanAsia Aluminium and a wholly owned subsidiary of our Company
“CNC Products”	our products manufactured using CNC machining technology, which included unibody chassis for popular multimedia tablets during the Track Record Period and may in the future include additional types of parts for consumer electronic products as described in “Future Plans and Use of Proceeds” on page 215 of this prospectus
“Co-lead Managers”	Cinda International Securities Limited and Sun Hung Kai Investment Services Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “Group,” “our,” “us” or “we”	PanAsialum Holdings Company Limited (榮陽實業集團有限公司) (formerly known as PanAsia Enterprises Group Limited (榮陽實業集團有限公司)), incorporated as an exempted company with limited liability in the Cayman Islands on October 7, 2005,

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## DEFINITIONS

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	and, unless the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the business in which the predecessors of its present subsidiaries were engaged and which were subsequently assumed by such subsidiaries pursuant to the Reorganization
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction and Industrial Products”	one of our three product categories during the Track Record Period, comprising primarily aluminum components, parts and materials used in the construction and other industries
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of the Company, being Mr. Marcus Pan and Easy Star
“CSRC”	China Securities Regulatory Commission (中華人民共和國證券監督管理委員會)
“Deed of Non-competition”	a deed of non-competition dated January 18, 2013 given by each of the Controlling Shareholders and Ms. Shao, Ms. Kuang Shunyou, Mr. Pan Zhaolong and Ms. Pan Xiaoyu, being certain beneficiaries of The Pan Family Trust, in favor of our Company
“Director(s)”	our director(s) as of the date of this prospectus
“Easy Star”	Easy Star Holdings Limited, a company incorporated in BVI with limited liability on August 20, 2007, which is wholly owned by Marina Star, and a Controlling Shareholder
“Electronics Parts”	one of our three product categories during the Track Record Period, including CNC Products and other aluminum parts for consumer electronic products
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), enacted by the NPC in March 2007 and effective on January 1, 2008 and its implementation rules
“Foxconn Companies”	affiliates and associates to Taiwan-listed Hon Hai Precision Industry Co., Ltd (鴻海精密工業股份有限公司) with which we had a trade relationship during the Track Record Period and Independent Third Parties; or, as the context may require, the group of companies under such listed company, which does business as the Foxconn Technology Group, and its affiliates and associates (including Taiwan-listed Foxconn Technology Co Ltd (鴻準精密工業股份有限公司) and its subsidiaries)*
“GDP”	gross domestic product

\* For the avoidance of confusion, as of the date of this prospectus, we understand from public information that Hon Hai Precision Industry Co., Ltd owns a majority interest in Foxconn International Holdings Limited, a company listed on the Main Board (Stock Code: 2038), and we have not had a trade relationship with Foxconn International Holdings Limited and its subsidiaries during the Track Record Period and up to the Latest Practicable Date.

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## DEFINITIONS

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“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Guangzhou OPLV”	廣州澳普利發門窗系統有限公司 (formerly known as 廣州澳寶易發門窗系統有限公司) (Guangzhou OPLV Door and Window Systems Co., Ltd.), a company established under the laws of the PRC with limited liability on December 12, 2007, which is wholly owned by Win International and a wholly owned subsidiary of our Company
“Guangzhou Rongfu”	廣州榮富電子科技有限公司 (Guangzhou Rongfu Electronic Technology Co., Ltd.), a company established under the laws of the PRC with limited liability on May 10, 2012, which is wholly owned by PanAsia Aluminum (China) and a wholly owned subsidiary of our Company
“H.K. dollar(s)” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Offer Shares”	the 30,000,000 Shares being initially offered by us pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section entitled “Structure of the Global Offering” on page 227 of this prospectus
“Hong Kong Public Offering”	the offer for subscription for or sale of Offer Shares to the public in Hong Kong at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) and on and subject to the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering, whose names are set out in the section entitled “Underwriting—Hong Kong Underwriters” on page 218 of this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated January 22, 2013 relating to the Hong Kong Public Offering entered into among our Company, the Controlling Shareholders, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters
“HSBC”	when in its capacity as a Joint Bookrunner, a Joint Lead Manager or a Joint Global Coordinator or the Company’s

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## DEFINITIONS

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	principal banker, The Hongkong and Shanghai Banking Corporation Limited or, when in its capacity as a Joint Sponsor, HSBC Corporate Finance (Hong Kong) Limited
“HSBC International Trustee”	HSBC International Trustee Limited, as trustee of The Pan Family Trust
“ICIS Consulting”	ICIS Services Pte Ltd, a market intelligence company focused on the global chemical, energy and fertilizer industries, or, where the context requires, its PRC affiliate(s)
“Independent Third Party(ies)”	individuals or company(ies) not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates
“International Offer Shares”	the 270,000,000 Shares being initially offered by us pursuant to the International Offering, together with any additional Shares offered pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section entitled “Structure of the Global Offering” beginning on page 227 of this prospectus
“International Offering”	the offer of International Offer Shares outside the United States to institutional and professional investors in offshore transactions as defined in and in accordance with Regulation S and in the United States to QIBs in reliance on Rule 144A, as further described in the section entitled “Structure of the Global Offering” beginning on page 227 of this prospectus
“International Underwriters”	the underwriters of the International Offering as described in the section entitled “Underwriting—Underwriters” on page 218 of this prospectus
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering, which is expected to be entered into among our Company, the Selling Shareholder the Controlling Shareholders and the International Underwriters on or around January 29, 2013
“J.P. Morgan”	when in its capacity as a Joint Bookrunner, a Joint Lead Manager or a Joint Global Coordinator, J.P. Morgan Securities (Asia Pacific) Limited or J.P. Morgan Securities plc or, when in its capacity as a Joint Sponsor, J.P. Morgan Securities (Far East) Limited
“Joint Bookrunners”	with respect to the Hong Kong Public Offering, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited, ABCI Capital Limited and UBS AG, Hong Kong Branch; with respect to the International Offering, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, ABCI Capital Limited and UBS AG, Hong Kong Branch



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## DEFINITIONS

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“Joint Lead Managers”	with respect to the Hong Kong Public Offering, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities (Asia Pacific) Limited, ABCI Securities Company Limited and UBS AG, Hong Kong Branch; with respect to the International Offering, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, ABCI Securities Company Limited, UBS AG, Hong Kong Branch, BOCOM International Securities Limited, China International Capital Corporation Hong Kong Securities Limited and Platinum Securities Company Limited
“Joint Global Coordinators”	The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities (Asia Pacific) Limited
“Joint Sponsors”	HSBC Corporate Finance (Hong Kong) Limited and J.P. Morgan Securities (Far East) Limited
“Labor Contract Law”	the PRC Labor Contract Law (《中華人民共和國勞動合同法》), enacted by the NPC on June 29, 2007 and effective on January 1, 2008
“Latest Practicable Date”	January 16, 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	the date, expected to be on or about February 5, 2013, on which our Shares are listed and dealings in our Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Loyal Hill”	Loyal Hill Limited (萊曉有限公司), a company incorporated in Hong Kong with limited liability on December 6, 2007, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company
“Loyal Hill Holdings”	Loyal Hill (Holdings) Limited (萊曉(控股)有限公司), a company incorporated in Hong Kong with limited liability on December 6, 2007, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company
“Macao” or “Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange; and, for the avoidance of doubt, the Main Board excludes the Growth Enterprise Market
“Marina Star”	Marina Star Limited, a company incorporated in BVI with limited liability on August 14, 2007. The entire issued share

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## DEFINITIONS

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	capital of Marina Star is wholly owned by HSBC International Trustee as the trustee of The Pan Family Trust. The Pan Family Trust is a discretionary family trust established by Mr. Marcus Pan, the beneficiaries of whom are family members of Mr. Marcus Pan. Mr. Marcus Pan is the settlor of The Pan Family Trust
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company as currently adopted and as supplemented, amended or otherwise modified from time to time
“MOFCOM”	PRC Ministry of Commerce (中華人民共和國商務部)
“MOP”	Macau pataca, the lawful currency of Macau
“Mr. Marcus Pan”	Marcus Pan (潘孟潮), our chairman, chief executive officer and an executive Director, one of our Controlling Shareholders and the spouse of Ms. Shao
“Ms. Shao”	Shao Lidan (邵荔丹), an executive Director, and the spouse of Mr. Marcus Pan
“NDRC”	PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“NPC”	PRC National People’s Congress (中華人民共和國全國人民代表大會) and its Standing Committee
“Oceanic”	Oceanic Aluminium Pty. Ltd. (formerly known as Capalum Pty. Ltd.), a private company limited by shares incorporated in Australia on August 21, 2006, and owned as to 75% by Super Result Limited, 15% by Flying Century Limited and 10% by Win Win Way Limited, which are Independent Third Parties
“Offer Price”	the final price per Offer Share in H.K. dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section entitled “Structure of the Global Offering—Pricing and Allocation” on page 232 of this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“OPAL Macao”	OPAL (Macao Commercial Offshore) Limited (formerly known as PanAsia Aluminium (Macao Commercial Offshore) Limited), a company incorporated in Macau as a commercial offshore company with limited liability on September 23, 2005, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company
“OPLV Architectural”	OPLV Architectural Design Pty Ltd (formerly known as OPLV Window and Door Pty Ltd), a proprietary company limited by shares incorporated in Australia on January 31, 2008, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company

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## DEFINITIONS

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“OPLV Distributors”	official distributors of our Branded OPLV Products in China
“Over-allotment Option”	the option that Easy Star will grant to the Joint Bookrunners on behalf of the International Underwriters, exercisable by the Joint Bookrunners pursuant to the International Underwriting Agreement at any time for up to 30 days after the last date for lodging of applications under the Hong Kong Public Offering, to require Easy Star to sell up to an aggregate of 45,000,000 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section entitled “Structure of the Global Offering—The Over-allotment Option” on page 230 of this prospectus
“P & O Companies”	P & O Group and its subsidiaries and affiliates from time to time, including PanAsia Aluminium (Rolled Products) Pty. Ltd., PanAsia Aluminium (Brisbane) Pty. Ltd., PanAsia Aluminium (Melbourne) Pty. Ltd., PanAsia Aluminium (Perth) Pty. Ltd., PanAsia Aluminium (Sydney) Pty. Ltd., PanAsia Aluminium (Townsville) Pty. Ltd. (later renamed P & O Aluminium (Rolled Products) Pty. Ltd., P & O Aluminium (Brisbane) Pty. Ltd., P & O Aluminium (Melbourne) Pty. Ltd., P & O Aluminium (Perth) Pty. Ltd., P & O Aluminium (Sydney) Pty. Ltd., P & O Aluminium (Townsville) Pty. Ltd., respectively) and Oceanic; or, as the context may require, each or some of them
“P & O Group”	P & O Group Pty. Ltd. (formerly known as PanAsia Group Pty. Ltd. and Forever Young Holdings Pty. Ltd.), a proprietary company limited by shares incorporated in Australia on July 2, 1998, and wholly owned by Joy Group Pacific Limited, an Independent Third Party
“P & O Rolled Products”	P & O Aluminium (Rolled Products) Pty. Ltd. (formerly known as PanAsia Aluminium (Rolled Products) Pty. Ltd., PanAsia Sourcing Pty. Limited and Forever Young Aluminium Producers Pty. Ltd.), a proprietary company limited by shares incorporated in Australia on July 28, 1998, and wholly owned by Smart Decision Trading Limited, an Independent Third Party
“PanAsia Aluminium”	PanAsia Aluminium Limited (榮陽鋁業有限公司) (formerly known as Forever Young Aluminium Limited (榮陽鋁材有限公司)), a company incorporated in Hong Kong with limited liability on July 18, 1997, which is a wholly owned subsidiary of our Company owned as to 99.99% by PanAsia Group and 0.01% by PanAsia Enterprises (BVI) on trust for PanAsia Group
“PanAsia Aluminium (HK)”	PanAsia Aluminium (Hong Kong) Limited (榮陽鋁業(香港)有限公司) (formerly known as Forever Young Trading (Hong Kong) Limited (榮陽貿易(香港)有限公司)), a company incorporated in Hong Kong with limited liability on June 7, 2000, which is a wholly owned subsidiary of our Company owned as to 99.99% by PanAsia Group and 0.01% by PanAsia Enterprises (BVI) on trust for PanAsia Group

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## DEFINITIONS

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“PanAsia Aluminum (Calgary)”	PanAsia Aluminum (Calgary) Limited (formerly known as JCL Aluminum Limited), a corporation incorporated under the laws of Ontario, Canada on July 17, 2006 and dissolved on June 3, 2009
“PanAsia Aluminum (China)”	榮陽鋁業（中國）有限公司 (PanAsia Aluminum (China) Co., Ltd.) (formerly known as 增城榮陽鋁業有限公司 (Zengcheng PanAsia Aluminum Limited) and 增城榮陽鋁材有限公司 (Zengcheng PanAsia Aluminum Materials Limited) and its predecessors as the context requires, an entity established in the PRC on April 20, 1998 as a Sino-foreign equity joint venture and transformed into a wholly foreign-owned enterprise wholly owned by PanAsia Aluminium on June 16, 2003 and a wholly owned subsidiary of our Company
“PanAsia Aluminum (Toronto)”	PanAsia Aluminum (Toronto) Limited (formerly known as Panasia Aluminum (Toronto) Inc.), a corporation incorporated under the laws of Ontario, Canada on June 13, 2005 and dissolved on October 26, 2011
“PanAsia Aluminum (Vancouver)”	PanAsia Aluminum (Vancouver) Limited, a corporation incorporated under the laws of British Columbia, Canada on August 13, 2004 and dissolved on April 13, 2009
“PanAsia Enterprises (BVI)”	PanAsia Enterprises Group Limited (formerly known as Smart Team Holdings Limited), a company incorporated in BVI with limited liability on June 3, 1998, which is wholly owned by our Company
“PanAsia Group”	PanAsia Group Limited (榮陽集團有限公司) (formerly known as Forever Young Holdings Limited (榮陽控股有限公司)), a company incorporated in Hong Kong with limited liability on July 11, 1997, which is a wholly owned subsidiary of our Company owned as to 99.9999% by PanAsia Enterprises (BVI) and 0.0001% by CEPA Chance on trust for PanAsia Enterprise (BVI)
“PanAsia Trading”	PanAsia Trading Limited (榮陽貿易有限公司) (formerly known as Forever Young International Trading Limited (榮陽國際貿易有限公司), Melody International Trading Limited (雅軒國際貿易有限公司) and King Elegance Investment Limited (君軒投資有限公司)), a company incorporated in Hong Kong with limited liability on November 23, 1993, which is a wholly owned subsidiary of our Company owned as to 99.99% by PanAsia Group and 0.01% by PanAsia Aluminium on trust for PanAsia Group
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	PRC Company Law (《中華人民共和國公司法》), enacted by the NPC on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Price Determination Date”	the date, expected to be on or around January 29, 2013 but no later than January 30, 2013, on which the Offer Price is to be fixed by agreement between us and the Joint Bookrunners (on behalf of the Underwriters) for the purposes of the Global Offering
“QIB”	“qualified institutional buyer” within the meaning of Rule 144A
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the reorganization arrangements we have undergone in preparation for the listing of Shares on the Stock Exchange which are more particularly described in the sections entitled “History, Reorganization and Corporate Structure” in this prospectus and “Statutory and General Information—Further information about our Company and our Subsidiaries—Corporate reorganization” in Appendix VI to this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局)
“SAIC”	PRC State Administration for Industry and Commerce (中華人民共和國國家工商行政管理總局)
“SAT”	PRC State Administration of Taxation (中華人民共和國國家稅務總局)
“Selling Shareholder”	Easy Star
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme our Company conditionally adopted on January 18, 2013, the principal terms of which are summarized in the section entitled “Statutory and General Information—Other Information—Share Option Scheme” in Appendix VI to this prospectus
“Shareholders”	holders of our Shares
“Shares”	ordinary shares in our share capital with a nominal value of HK\$0.10 each
“Stabilizing Manager”	HSBC
“State Council”	PRC State Council (中華人民共和國國務院)

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## DEFINITIONS

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“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into on or about January 29, 2013 between the Stabilizing Manager and Easy Star
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“The Pan Family Trust”	The Pan Family Trust, a discretionary family trust established by Mr. Marcus Pan, the beneficiaries of which are family members of Mr. Marcus Pan
“Track Record Period”	the period comprising the three years ended September 30, 2012
“Triplerich”	Triplerich Associates Limited, a company incorporated in BVI with limited liability on December 6, 2004, which is wholly owned by PanAsia Enterprises (BVI) and a wholly owned subsidiary of our Company
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“U.S. dollar(s)” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Win International”	Win International Limited (永安國際有限公司), a company incorporated in Hong Kong with limited liability on November 26, 2003, which is a wholly owned subsidiary of our Company and owned as to 99.99% by PanAsia Enterprises (BVI) and 0.01% by Mr. Marcus Pan on trust for PanAsia Enterprises (BVI)

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## DEFINITIONS

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“Zengcheng Aluminum Alloys”

廣東省增城市鋁合金型材廠 (Guangdong Province Zengcheng Aluminum Alloys Materials Factory) (formerly known as 廣州市荔城鋁合金型材廠 (Guangzhou Licheng Aluminum Alloys Materials Factory)), an enterprise established in the PRC on March 4, 1992, the business license of which has been cancelled since 2003

*If there is any inconsistency between the official Chinese names of the PRC laws or regulations, PRC government authorities or PRC entities mentioned in this prospectus and their English translations, the Chinese version shall prevail. The English translations of official Chinese names are for identification purposes only.*

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## GLOSSARY OF TECHNICAL TERMS

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***This glossary contains explanations of certain technical terms used in this prospectus in the context of our business and operations. These terms and their given meanings may not correspond to standard industry meaning or usage.***

“3C”	Computer, communication and consumer electronics
“aging”	precipitation from solid solution resulting in a change in properties of an alloy, usually occurring slowly at room temperature (natural aging) or more rapidly at elevated temperatures (artificial aging)
“alumina”	synthetically produced aluminum oxide made by processing bauxite, with the chemical formula $Al_2O_3$ , a white or nearly colorless crystalline substance that is used as a starting material for the smelting of aluminum metal
“aluminum billets”	aluminum in the form of cylinders or rectangular prisms which is used as a raw material in producing aluminum alloy products by extrusion
“aluminum extrusion press”	a press used to force, in an environment of high pressure and temperature, aluminum billets through a die
“aluminum ingots”	masses of cast aluminum, used for subsequent smelting and casting into aluminum billets
“aluminum oxide”	a chemical compound of aluminum and oxygen which forms immediately on an unprotected aluminum surface when exposed to air. Unlike iron oxide (the rust which forms on steel) aluminum oxide does not flake off, but forms a protective layer that blocks further oxidation and so protects the integrity of the metal. It is transparent and does not alter the appearance of the aluminum surface
“aluminum rods”	solid aluminum, cast in a shape long in relation to its cross-section
“annealing”	a thermal treatment used to soften a metal piece and remove internal stresses, in which a piece is heated to its critical temperature and cooled very slowly
“anode”	an electrode through which electric current flows into a polarized electrical device
“anodized finish”	a finish achieved by immersing a material into an acid solution and passing a direct current through such material in order to form a durable oxide film on its surface
“anodizing”	an electrochemical process that forms a protective layer of aluminum oxide on the surface of plain aluminum profiles, which strengthens and protects the surface against atmospheric corrosion and oxidation
“bauxite”	a naturally occurring aluminum ore, often processed into alumina



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## GLOSSARY OF TECHNICAL TERMS

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“casting”	a process of cooling and shaping molten metal or alloy
“cathodes”	an electrode through which electric current flows out of a polarized electrical device
“CFR”	cost and freight, a widely used international commercial term pre-defined by the International Chamber of Commerce, under which, among other things, the seller pays the cost and freight in order for the buyer to ship the goods to the port of destination
“CIF”	cost, insurance and freight, a widely used international commercial term pre-defined by the International Chamber of Commerce, under which, among other things, the seller pays the cost, insurance and freight in order for the buyer to ship the goods to the port of destination
“CNC”	computer numerical control, the use of a computer with numerical instructions and program codes to carry out various machining operations
“CNC machining centers”	machinery employing CNC technologies
“debridge”	The process of cutting away the metal on the bottom of an aluminum profile to produce a non-metal to metal structural thermal barrier
“die”	a tool used for cutting, shaping and forming aluminum alloy billets into a variety of aluminum extrusion products
“electrostatic coating”	a system of applying paint in which the paint droplets or powder particles are given an electrical surface charge resulting in their attraction to a grounded workpiece
“electrophoresis coating”	a process by which anodized aluminum profiles are coated with acrylic water-soluble paint in an electrified tank to protect them against acid and alkaline corrosion
“extrusion”	a manufacturing process that uses high compressive strength to force aluminum alloy billets through a die to form aluminum profiles
“fluorocarbon spray coating”	a corrosion-resistant coating consisting of solid lubricant dispersed in an organic binder and dissolved in a specially formulated mixture of solvents, which may be sprayed on aluminum products
“FOB”	free on board, a widely used international commercial term pre-defined by the International Chamber of Commerce, under which, among other things, the cost and risk of goods shift from the seller to the buyer when the goods are actually on board the vessel
“GB/T 19001-2008”	a set of standards adopted by the Standardization Administration of the PRC (國家標準化管理委員會) identical to ISO 9001:2008

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## GLOSSARY OF TECHNICAL TERMS

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“GB/T 24001-2004”	a set of standards adopted by the Standardization Administration of the PRC (國家標準化管理委員會) identical to ISO 14001:2004
“ISO”	International Organization for Standardization, a worldwide federation of national standards bodies
“ISO 9001:2008” or “ISO 9001:2000”	ISO standards for quality management that are primarily concerned with an organization’s efforts to ensure that its products conform to customer and applicable regulatory requirements and that set requirements for an organization’s management of product quality procedures. ISO 9001:2008 standards differ in minor respects from the earlier ISO 9001:2000 standards
“ISO 14001:2004”	ISO standards for environmental management that are primarily concerned with an organization’s efforts to minimize harmful effects on the environment caused by its activities and that set requirements for an organization’s management of activities affecting the environment
“knurling machine”	A machine that cuts a series of small ridges or grooves onto the surface of a metal object to improve adhesion or grip
“LME”	London Metal Exchange, a global metals trading market
“machining”	the process of cutting, shaping or finishing materials by machine
“microstructure”	the granular structure that takes form when a metal hardens from its molten form
“mill finish”	a very lightly oxidized film that naturally and immediately forms on bare aluminum
“mm”	millimeter, a unit of length equal to one one-thousandth of a meter
“MN”	meganewton, a unit of force equal to one million newtons
“MT”	metric ton, a unit of mass equal to one thousand kilograms
“Nanhai Lingtong (南海靈通)”	a metals trading market in China
“newton” or “N”	a unit of force equal to the force required to cause a mass of one kilogram to accelerate at the rate of one meter per second squared
“oxidation”	the addition of oxygen to a compound, sometimes resulting in a staining or discoloration of the exposed surface
“powder coating”	application of a coating in the form of a finely ground powder of coloring agents, resins and additives; heating of the material to which the coating is applied, either before or after powder deposition, fuses the powder into a continuous coating

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## GLOSSARY OF TECHNICAL TERMS

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“polishing machinery”	machinery used to uniformly change the surface of metal, eliminating surface imperfections
“polyurethane”	A synthetic material that is resilient, flexible and durable which is used in a variety of applications
“PVDF”	polyvinylidene fluoride, a specialty plastic material with a relatively low melting point and that generates little smoke when exposed to fire, used generally in applications requiring strength and resistance to solvents, acids, bases and heat
“PVDF coating”	application of a coating of PVDF that is unaffected by most chemicals and solvents and has excellent wear and abrasion resistance
“profile”	a product that is long in relation to its cross-sectional dimensions, having a cross-section other than those of wire, rod, bar and tube, produced by extrusion, rolling, drawing or cold finishing
“raw aluminum”	aluminum that has not been processed
“sand-blasting”	a surface treatment used to remove material by using air to blow sand or other grit on a workpiece
“smelting”	a process of heating and melting a certain proportion of one or more metals or alloys in a furnace into a homogenous solution
“smelter”	pots and steel containers in which electrolysis takes place to extract aluminum from alumina
“solute”	a substance dissolved in another substance, usually the component of a solution present in the lesser amount
“thermal insulation”	a process that helps protect aluminum profiles from the effects of sound and extremes in temperature
“wood-effect coating”	a process by which patterns resembling wood grain are printed on aluminum profiles under high temperature
“μm”	micrometer, a unit of length equal to one one-millionth of a meter

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## FORWARD-LOOKING STATEMENTS

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We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled “Risk Factors” and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our goals and strategies;
- expected growth of and changes in the aluminum products industry;
- our ability to maintain a strong relationship with our major customers or suppliers;
- our future business development, results of operations and financial condition;
- our plans to expand our production capacity;
- effect of competition on the demand for and price of our products and our ability to compete;
- determination of the fair value of our Shares;
- any government policies regarding foreign investment; and
- risks identified under the section entitled “Risk Factors” on page 31 of this prospectus.

This prospectus also contains data relating to the aluminum products markets in several countries, including China. Such market data, including data from ABI Research and ICIS Consulting, include projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the aluminum products industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors.” You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

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## RISK FACTORS

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***You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.***

### **Risks Relating to Our Business and Industry**

**We have derived significant portions of our revenue from business with a few major customers, including in particular the Foxconn Companies and the P & O Companies, two groups of affiliated companies each of which we consider, collectively, as a major customer.**

During the Track Record Period, there was a growing concentration in our customer base. Aggregate sales revenue attributable to our five largest customers represented 49.9%, 74.6% and 77.9% of our total revenue for the years ended September 30, 2010, 2011 and 2012, respectively, and aggregate sales revenue attributable to the Foxconn Companies and the P & O Companies represented 37.3%, 67.5% and 71.5% of our total revenue for the same years, respectively. The trend of customer concentration became particularly prominent during the year ended September 30, 2011, when our shipments to the Foxconn Companies increased substantially. These major customers may continue to account for similar or even higher portions of our revenue in the future.

There may be risks associated with having a small number of major customers. We cannot assure you that we will be able to maintain or improve our relationship with our major customers, that we will be able to continue to supply products to them at current levels in similar terms, or at all, or that they will continue to purchase from us rather than from other suppliers. In addition, our business is affected by the overall business of our major customers and their affiliates, which, to a significant extent, is dependent upon their continuing ability to act as suppliers to their own customers and the sustained demand for the end-products they assemble or sell. Any deterioration in the businesses of our major customers could lead to a decline in their purchase orders placed with us or a change in our major customers' business relationships. Our use of resources and management attention to continue our relationship with our major customers and meet their purchase orders may also reduce resources devoted to our other customers and business activities. If any of our major customers substantially reduces orders from us or terminates its business relationship with us, we cannot assure you that we would be able to obtain orders from other customers to timely replace such lost sales on comparable terms, or at all, in which case our business, operating results and financial condition may be materially and adversely affected. See "—A significant portion of our recent revenue growth was attributable to new orders from the Foxconn Companies for aluminum parts for certain popular portable consumer electronic products by a major customer of the Foxconn Companies, and the Foxconn Companies are accounting for increasing shares of our Electronics Parts revenue and revenue in general" and "—Our current business model in Australia has a relatively short history and relies heavily on sales to the P & O Companies, our former subsidiaries" below for further descriptions of certain risks particular to our relationships with the Foxconn Companies and the P & O Companies, respectively.

In addition, some of our major customers may have in the past been, and may continue to be, the subject of negative publicity. We cannot assure you that such negative publicity will not be imputed to us or our association with our customers will not bring us unwarranted scrutiny. Any such imputation or scrutiny may harm our reputation and divert our management resources, thereby materially and adversely affecting our business, operating results and financial condition.

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## RISK FACTORS

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**A significant portion of our recent revenue growth was attributable to new orders from the Foxconn Companies for aluminum parts for certain popular portable consumer electronic products by a major customer of the Foxconn Companies, and the Foxconn Companies are accounting for increasing shares of our Electronics Parts revenue and revenue in general.**

Since 2009, we have supplied to the Foxconn Companies aluminum parts for the popular portable consumer electronic products that they assemble for a leading global electronic products designer, including its popular multimedia tablets and laptop computers. Our sales revenue from the Electronics Parts product category experienced significant growth since 2011, primarily driven by an increase in volumes of aluminum plates sold to certain Foxconn Companies which they further process into the unibody chassis for the multimedia tablets and the laptop computers and, since November 2011, the unibody chassis for the multimedia tablets themselves. Our Electronics Parts sales revenue amounted to HK\$791.5 million and HK\$1,143.5 million for the years ended September 30, 2011 and 2012, respectively, compared to HK\$119.8 million for the year ended September 30, 2010. Such growth represented most of our overall revenue growth during the same periods. We have a relatively short history of supplying the Foxconn Companies on such a large scale, and we cannot assure you that such growth will continue at such pace, or at all.

In addition, largely due to such growth, the Foxconn Companies as a group became a significantly larger contributor to our revenue. For the years ended September 30, 2010, 2011 and 2012, the Foxconn Companies in the aggregate accounted for 7.9%, 37.6% and 45.7% of our total revenue, respectively. As such, our future prospects may, to an important extent, be affected by our ability to obtain new orders from the Foxconn Companies, particularly with respect to the relevant popular portable consumer electronic products by the leading global designer. We cannot assure you that we will be successful in our efforts, because the amount of orders in the future could be negatively affected by a number of factors. First, the demand for such popular consumer electronic products may be subject to fluctuations resulting from the timing of product launches, end-users' changing tastes and preferences, competition from rival products or other reasons. Second, the demand for our aluminum parts for such popular consumer electronic products may diminish if the leading global designer changes its product designs to require parts we are unable to produce or parts made of materials other than aluminum altogether. Third, any deterioration in the relationship between the Foxconn Companies and their major customer, the leading global designer, due to negative publicity, any decision by such major customer to reduce outsourced assembly operations in China or any other reason, or any deterioration of the Foxconn Companies' business for other reasons, could lead to a decline in the Foxconn Companies' own requirements from suppliers, including us. Fourth, any deterioration in our relationship with the Foxconn Companies or any change in the Foxconn Companies' outsourcing policies may lead to a decline in their orders placed with us. Furthermore, we cannot assure you that the profit margins we earn from sales to the Foxconn Companies, particularly those associated with the high-value-added CNC Products, which have historically been higher than those for our other sales, will not decline, due to competition from other suppliers, tightened pricing from the Foxconn Companies or other reasons. Any of the above factors, or a combination of them, could materially and adversely affect our business prospects, financial condition and results of operations.

**We do not maintain long-term supply contracts with our customers, and any disruption or termination of our major customer relationships may have a material adverse effect on our results of operations.**

We do not maintain long-term supply contracts with our customers obligating them to place orders with us which would secure future revenue for us. Instead, we sell our products based on individual orders. In particular, we had supplied our major customer, the Foxconn Companies, via sales orders without a long-term agreement prior to July 2011. Our five-year agreement with the Foxconn Companies entered into in July 2011 is legally binding, but does not specify the types or quantities of products to be transacted, nor does it include any pricing terms or exclusive or minimum transaction commitments. It merely establishes the mechanism through which we may consummate

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individual sales transactions with the Foxconn Companies and does not obligate the Foxconn Companies to order from us. See “Business—Our Products—Electronics Parts—Relationship with the Foxconn Companies.” Should our major customers cease ordering our products, whether due to a deterioration of their business, their decision to change supplier or any other reason, our business, operating results and financial condition may be materially and adversely affected.

**Foreign governments have instituted and may continue to institute various trade regulation measures, including anti-dumping and countervailing duties on imported goods. Such measures may be applicable to our products and materially and adversely affect our export sales, which constitute an important portion of our revenues.**

During the Track Record Period, we exported significant volumes of products to overseas markets, including Australia, Canada, the United States, South Africa and Malaysia. For the years ended September 30, 2010, 2011 and 2012, export sales (our total sales excluding sales in the PRC and Hong Kong) accounted for 59.2%, 39.2% and 34.3% of our total revenue, respectively. We expect export sales to continue to contribute an important portion of our revenue in the near future. As such, our export sales and, in turn, results of operations and financial position, are subject to the economic, political, social and legal developments in these jurisdictions.

The following table sets out the composition of our revenue by geographic market for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Revenue</b>						
PRC .....	501.5	36.7%	1,174.7	56.2%	1,530.1	62.8%
Australia .....	679.1	49.7%	732.7	35.0%	732.8	30.1%
North America .....	119.6	8.7%	53.4	2.6%	50.4	2.1%
Hong Kong .....	55.6	4.1%	96.6	4.6%	71.1	2.9%
Others .....	11.1	0.8%	33.2	1.6%	52.5	2.1%
<b>Total</b> .....	<u>1,366.9</u>	<u>100.0%</u>	<u>2,090.6</u>	<u>100.0%</u>	<u>2,437.0</u>	<u>100.0%</u>

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The table below sets forth a profitability analysis of our sales to the P & O Companies and other customers in Australia by timing and by the various product types as indicated.

	Year ended September 30,					
	2010	2011		2012		
	(HK\$ in millions, except percentages)					
<b>Gross profit and gross profit margin of Australia sales</b>						
<i>Prior to imposition of duties</i>						
All goods .....	121.7	30.8%	—	—	—	—
<i>Post imposition of duties</i>						
Ready-for-sale goods (not subject to duties) .....	9.2	48.9%	44.3	52.2%	38.6	44.8%
P & O Companies .....	—	—	—	—	—	—
Other customers .....	9.2	48.9%	44.3	52.2%	38.6	44.8%
Semi-finished goods (not subject to duties) .....	8.3	9.9%	47.2	17.6%	64.6	22.7%
P & O Companies .....	8.3	9.9%	41.7	16.2%	59.6	22.2%
Other customers .....	— <sup>(1)</sup>	23.8%	5.5	49.5%	5.0	30.5%
Goods subject to duties .....	62.9	34.5%	143.0	37.7%	103.9	28.7%
P & O Companies .....	54.6	37.0%	140.0	38.2%	103.6	28.7%
Other customers .....	8.3	24.1%	3.0	23.8%	0.3	27.3%
Total .....	<u>202.1</u>	29.8%	<u>234.5</u>	32.0%	<u>207.1</u>	28.3%

Note:

(1) Less than HK\$50,000

As described in detail in the section entitled “Business—Customers, Sales, Marketing and Distribution—Export—Anti-dumping and Countervailing Duties” on page 133 of this prospectus, various trade regulation measures applicable to our products were instituted in some of the jurisdictions to which we sell our products during the Track Record Period, and culminated in the imposition of certain anti-dumping and countervailing duties on some of our exported products. Such duties, which are payable by the importers of our products in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a relative disadvantage compared to local producers, which adversely affected our sales to these markets. For example, in May 2011, the United States Department of Commerce, or USDOC, upon affirmative determinations by itself and the United States International Trade Commission, or USITC, issued orders to impose anti-dumping and countervailing duties on certain aluminum extrusion products imported into the United States from the PRC, including those manufactured and exported by us. The combined U.S. anti-dumping and countervailing duties applicable to our products were 406.94%, and are levied upon our customers who import our products into the United States until May 2016. As a result, our export sales to the United States as a percentage of our total revenue declined significantly from 3.4% in the year ended September 30, 2010 to 0.1% in the year ended September 30, 2011, and further to nil in the year ended September 30, 2012. We have withdrawn from the U.S. market.

On August 18, 2008, the Canada Border Services Agency initiated investigations with respect to the dumping and subsidizing of certain aluminum extrusions imported from the PRC, including those manufactured and exported by us. It published its preliminary determination on November 17, 2008 and its final determination on February 16, 2009 that certain such imports were dumped and/or subsidized. On March 17, 2009, the Canadian International Trade Tribunal found that the dumping and subsidizing of certain such imports caused injury to the domestic Canadian industry. Consequently, an anti-dumping duty of 31.4% of the export price and a countervailing duty of RMB3.51 per kilogram were imposed on our products. As a result, our export sales to Canada as a percentage of our total revenue declined substantially from 5.3% in the year ended September 30,



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2010 to 2.5% in the year ended September 30, 2011. As of February 20, 2012, the anti-dumping duty on our products was eliminated, provided that the import price on our products sold in Canada is above a “normal price” set by the Canada Border Services Agency, and the countervailing duty fell to RMB1.75 per kilogram. Our export sales to Canada as a percentage of our total revenue was 2.1% in the year ended September 30, 2012.

Anti-dumping and countervailing duties applicable to our products have also been put in place in Australia, which has been our largest export market, with Australian sales revenue accounting for 49.7%, 35.0% and 30.1% of our total revenue for the years ended September 30, 2010, 2011 and 2012, respectively. From April 2010 to August 2011, interim anti-dumping and countervailing duties were imposed on certain aluminum extrusion products imported into Australia from certain PRC suppliers, including us. On August 27, 2011, the Attorney-General of Australia issued an order to confirm such duties. The combined rate of such duties as applicable to us is up to 13.6%. We are currently appealing the decision in the Federal Court of Australia. See “Business—Legal Proceedings—Trade Litigation in Australia” on page 145 of this prospectus.

As a result, our sales to Canada and the United States fell substantially during the Track Record Period. The anti-dumping and countervailing duties imposed in Australia, our largest export market during the Track Record Period, were substantially lower than those imposed in Canada or the United States, leaving a lesser impact on our exports to Australia. A strong Australian dollar during the relevant period also helped maintain our revenue growth from Australian sales. Nevertheless, in terms of sales volume, our sales to Australia decreased in the year ended September 30, 2011 as compared to the year before.

We cannot assure you that we will prevail in the current trade litigation in Australia and have the anti-dumping and countervailing duties applicable to our products revoked or reduced. The court may uphold the decision by the Attorney-General of Australia, and the litigation may be protracted and result in substantial costs and diversion of our management resources. In addition, we cannot guarantee that no new similar petitions will be filed in the future in Canada, Australia or other foreign jurisdictions to which we export and may in the future export our products. If any such petitions are filed, they may result in the imposition of new anti-dumping or countervailing duties or other forms of government trade protection measures on our products. Any continuing or new foreign government trade protection measures unfavorable to our products could significantly increase the cost of importing our products by our foreign customers. Our foreign customers may be unable or unwilling to pass on the extra cost to their customers due to domestic competition and choose instead to purchase products from our competitors who are not subject to such trade protection measures. In either event, we could substantially lose our competitive advantages in the overseas markets in question and lose export sales revenue, and our business and results of operations, in turn, could be materially and adversely affected.

### **Our current business model in Australia has a relatively short history and relies heavily on sales to the P & O Companies, our former subsidiaries.**

Our exports of Construction and Industrial Products to Australia are an important component of our business. For the year ended September 30, 2010, sales to Australia accounted for 49.7% of our total revenue. With the shift in our business focus towards the Electronics Parts business in China, we disposed of the P & O Companies in the year ended September 30, 2010, and our reliance on revenue from sales to Australia decreased, to 35.0% and 30.1% of our total revenue for the years ended September 30, 2011 and 2012, respectively. Nevertheless, the absolute value of sales revenue derived from exports to Australia has remained stable and strong, amounting to HK\$679.1 million, HK\$732.7 million and HK\$732.8 million for the years ended September 30, 2010, 2011 and 2012, respectively. We expect exports to Australia to remain an important part of our business.

Following the disposal of the P & O Companies, they became our major customer in Australia which distribute our products to end-customers, and we no longer directly sold our products to the many

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former customers in Australia. As such, we have had a sharp decrease in our total number of customers in the Australian market, which declined from approximately 700 for the year ended September 30, 2009 to five for the year ended September 30, 2011 and three for the year ended September 30, 2012. Accordingly, our sales to Australia have become more dependent on a small number of customers, including the P & O Companies. Our revenue derived from sales to the P & O Companies represented 29.4%, 29.8% and 25.8% of our total revenue for the years ended September 30, 2010, 2011 and 2012, respectively. As of September 30, 2010, 2011 and 2012, we had trade receivables due from the P & O Companies of HK\$247.3 million, HK\$284.8 million and HK\$348.7 million, respectively. We cannot assure you that the P & O Companies will make payments for these trade receivables in a timely fashion, or at all. Since our current business model in Australia has a relatively short history, we cannot assure you that we will be successful in maintaining our competitive position in Australia.

In addition, we cannot assure you that we will be able to maintain or improve our relationship with the P & O Companies, that we will be able to continue to supply products to them at current levels, or at all, or that they will continue to purchase from us rather than from other suppliers. Furthermore, our exports to Australia may be affected by the overall business of the P & O Companies. Any deterioration in the businesses of the P & O Companies could lead to a decline in their purchase orders placed with us. We understand from the P & O Companies that their performance has been in line with the general aluminum extrusion industry in Australia, which has contracted during the Track Record Period. If the P & O Companies substantially reduce orders from us or terminate their business relationship with us, we cannot assure you that we will be able to obtain orders for similar products from other customers in Australia or elsewhere to timely replace such lost sales on comparable terms, or at all, in which case our business, operating results and financial condition may be materially and adversely affected.

**If we fail to collect our trade receivables, our financial condition and results of operations, particularly cash flows, will be materially and adversely affected.**

We generally require customers of our Branded OPLV Products in China to pay us the full purchase price before or upon delivery, typically in cash or by bank transfer. We currently grant only the Foxconn Companies and the P & O Companies a credit period of 90 days and generally grant other customers credit terms ranging from 45 to 90 days. We assess and provide such credit terms on a case-by-case basis, taking into consideration order size, creditworthiness and prior dealing history. During the Track Record Period, we recorded significant amounts of trade receivables, particularly from P & O Companies and the Foxconn Companies and are therefore subject to credit risk. We also made provisions for certain trade receivables relating to P & O Companies that we deemed uncollectable. As of September 30, 2010, 2011 and 2012, we had net trade receivables of HK\$359.2 million, HK\$522.8 million and HK\$813.6 million after giving effect to provisions of HK\$7.3 million, HK\$0.1 million and nil, respectively. In addition, as of September 30, 2010, 2011 and 2012, HK\$121.8 million, HK\$155.9 million and HK\$225.0 million, respectively, of our trade receivables from the P & O Companies were overdue, and HK\$7.6 million, HK\$44.7 million and HK\$4.1 million of our trade receivables from the Foxconn Companies were overdue. For the years ended September 30, 2010, 2011 and 2012, the turnover days for trade receivables due from the Foxconn Companies were 92, 42 and 93, respectively, and the turnover days for trade receivables due from the P & O Companies were 112, 156 and 184, respectively. See the section entitled “Financial Information—Current Assets and Current Liabilities Analysis—Trade Receivables-Net” beginning on page 197 in this prospectus. We cannot assure you that we will be able to collect all trade receivables from all of our customers in full or in a timely manner, and our failure to do so may materially and adversely affect our financial conditions, results of operations and cash flows. In addition, we may incur expenses relating to the collection of our trade receivables, such as through legal proceedings.

**Our production technology may not be able to keep pace with evolving industry standards, and changing customer requirements or preferences may adversely affect our business.**

The aluminum products industry is characterized by evolving production technology, changing customer specifications and fluctuations in product supply and demand. Demand for the products we

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currently manufacture may decrease due to the emergence of new aluminum products with enhanced physical properties or appearance or due to competition from alternative materials, such as wood, plastic, carbon composites or other materials. In addition, demand for new aluminum products with higher profitability and better prospects may emerge, either replacing existing aluminum products or replacing products made of other materials. These factors require us to develop new products and enhancements to our existing products, which may require new facilities and technologies. For example, we invested HK\$175.6 million in the year ended September 2012 to purchase CNC machining centers for our CNC plant so that we could produce high-value-added, high-precision products, such as the unibody chassis for a popular multimedia tablet. We currently plan to make further investments to acquire additional CNC processing capacity. We cannot assure you that we will anticipate trends and developments in our industry in an accurate and timely manner, if at all. If we do not anticipate changes in our industry's production technology and timely develop competitive technology or acquire or license it on commercially acceptable terms, we may not be able to produce products that meet our customers' demands. Responding and adapting to technological developments and changes in our industry, and the integration of new technologies or industry standards into our existing production, may require substantial investment. Even if we implement upgrades, we cannot assure you that such upgrades will be adequate in light of the technological and industry developments. Our investments, therefore, may not be as effective as we expect, and may divert our time and resources from our other business activities. In the event that we are unable to respond successfully to technological and industry developments, our business, results of operations and competitiveness may be materially and adversely affected.

### **We depend on independent third-party distributors to sell our Branded OPLV Products.**

We sell our Branded OPLV Products primarily through external distributors in China. As of September 30, 2012, we had a network of 577 active OPLV Distributors. We do not have long-term contracts with our OPLV Distributors, and we typically negotiate and enter into distribution agreements with them for terms ranging from 12 to 58 months, renewable by mutual agreement and unilaterally terminable by us upon the occurrence of specified breaches by the OPLV Distributors. The ability of our OPLV Distributors to develop and gain local market share for our Branded OPLV Products is key to our Branded OPLV Product sales and the competitiveness of our OPLV brand. Some of our OPLV Distributors sell products made by our competitors. There is competition for skilled local marketers and retailers, not only from our competitors but also from other retail sectors as well. We cannot assure you that we will be able to retain high-performing OPLV Distributors on favorable terms, or at all, or attract new OPLV Distributors. Any disruption or difficulty in our relationships with our distributors could affect our ability to effectively sell our products and would materially and adversely affect our business, results of operations and financial position.

We only have contractual relationships with our OPLV Distributors and do not have ownership or management control over them. Because we cannot control the business activities of our OPLV Distributors, sales of our products to end-customers may not be as effectively managed as would be the case if we sold directly to end-customers. We contractually require our OPLV Distributors to adhere to certain policies, as described in detail in the section entitled "Business—Customers, Sales, Marketing and Distribution—Marketing and Distribution" on page 131 of this prospectus. We regularly monitor and review such OPLV Distributors' sales performance and compliance with the terms of our agreements to determine whether we need to terminate any OPLV Distributors that are underperforming or in breach of our agreements. However, our ability to monitor and control the activities of our OPLV Distributors is limited. Any misconduct by our OPLV Distributors could materially and adversely affect our reputation or the OPLV brand image. For example, our OPLV Distributors may fail to follow our product display and pricing policies or fail to carry out, or be less effective in carrying out, the promotional activities as agreed with us. If any of our OPLV Distributors deviates from our requirements under the distribution agreements, our reputation and consumers' perception of our brand and products could be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

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**If we are unable to purchase aluminum ingots, our principal raw material, in sufficient quantities and at satisfactory prices, our business may be materially and adversely affected.**

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots and purchase them instead, primarily from metals brokers in China. For the years ended September 30, 2010, 2011 and 2012, we incurred HK\$813.4 million, HK\$1,205.5 million and HK\$1,297.8 million, respectively, for the purchase of aluminum ingots, which represented 85.0%, 85.1% and 83.0%, respectively, of our cost of raw materials, and 75.7%, 76.0% and 71.2%, respectively, of our total cost of sales.

We typically source aluminum ingots from a few main suppliers at any one time. During the years ended September 30, 2010, 2011 and 2012, purchases from our five largest suppliers represented 83.0%, 81.2% and 78.6%, respectively, and purchases from our largest supplier represented 41.0%, 40.1% and 23.8%, respectively, of our total purchases of raw materials. If any one or several of our main suppliers for any reason fail to meet our purchase orders or terminate their business relationship with us, we may be unable to source aluminum ingots from alternative suppliers in sufficient quantities on a timely basis and on acceptable terms, or at all. We may therefore be unable to maintain our production schedule and meet commitments to our customers, or we may have to incur significant additional costs that we may be unable to pass on to our customers. In any such event, our business, financial condition and results of operations could be materially and adversely affected.

We purchase aluminum ingots on the spot market, primarily in China, where our brokers typically quote Chinese benchmarks such as the Nanhai Lingtong or the Shanghai Futures Exchange. These benchmark prices are primarily determined by supply and demand in the marketplace and have fluctuated significantly in the past. The spot market prices for aluminum ingots relevant to us may continue to be volatile in the future. We include the price of aluminum ingots, measured at prevailing benchmark rates, as an inherent component in the pricing of our products. We may not always be able to immediately pass on increases in the spot market price of aluminum ingots to our customers. Some of the agreements we enter into with our customers specify a purchase price at a time when the market price is lower than the market price when we satisfy orders, in which event our profitability may decline. On the other hand, decreases in the spot market price of aluminum ingots may depress the value of our inventory, which may adversely affect our profit, or depress the prices of our products, which may adversely affect our revenue. We have not entered into any hedging transactions to offset such adverse consequences of fluctuations in prices of raw materials, particularly aluminum ingots.

**We are subject to significant foreign-exchange risk due to our exposure to overseas markets.**

Our reporting currency is the H.K. dollar, but our business transactions are denominated in various other currencies, primarily the Renminbi, the Australian dollar and the U.S. dollar, which exposes us to foreign-exchange risk. Any significant changes in the exchange rates between these currencies may result in losses for us and could materially and adversely affect our profitability. In particular, a substantial part of our revenue is denominated in Australian dollars, and the value of the Australian dollar against the U.S. dollar (and the H.K. dollar, which is effectively pegged to the U.S. dollar) fluctuated significantly during the Track Record Period, resulting in significant fluctuations in our results of operations. We recorded net exchange gains of approximately HK\$20.7 million and HK\$27.6 million for the years ended September 30, 2010 and 2012, respectively, and net exchange losses of approximately HK\$22.3 million for the year ended September 30, 2011. We cannot assure you that the Australian dollar will not depreciate significantly against the U.S. dollar and the H.K. dollar in the future, in which event our results of operations may be materially and adversely affected.

**We recorded losses from risky foreign-exchange transactions in the past and any ongoing hedging transactions may not fully shield us from foreign-exchange fluctuations.**

In the year ended September 30, 2010, in light of our significant Australian dollar-denominated receivables from our Australian customers and to hedge against the risk of depreciation of the

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Australian dollar against the U.S. dollar, we entered into certain “knock-out” foreign-exchange forward contracts to sell Australian dollars and buy U.S. dollars at specified exchange rates on specified future dates. Such contracts were leveraged derivative financial products that offered potentially higher returns to us than plain foreign-exchange forward contracts, which we also entered into throughout the Track Record Period, but carried higher risks as well. We held such derivative financial instruments at fair value, which was linked to the spot exchange rates in the international market. For the years ended September 30, 2010 and 2011, we recognized fair-value losses on such “knock-out” contracts of HK\$20.3 million and HK\$22.9 million, respectively, due to strong appreciation of the Australian dollar against the U.S. dollar. In the future we intend to continue to conduct foreign-exchange hedging transactions, using only lower-return, lower-risk hedging instruments, and do not plan to enter into higher-return, higher-risk transactions such as the “knock-out” contracts. We cannot assure you, however, that such transactions will be risk-free, and any loss resulting from such transactions may materially and adversely affect our results of operations and financial condition.

**Changes in legislation in Macau or any non-compliance with the relevant Macau regulations may cause our effective tax rate to increase, and any finding of violation of PRC anti-tax avoidance rules may subject us to back tax and related liabilities.**

OPAL Macao, our subsidiary in Macau, has been exempt from income tax in Macau as a commercial offshore company pursuant to Macau law. During the Track Record Period, we conducted some of our export sales as well as the PRC sales request by some Foxconn Companies to be conducted under bonded arrangements via OPAL Macao, which lowered our effective tax rate. Our effective tax rate for the years ended September 30, 2010, 2011 and 2012 was 8.7%, 5.1% and 5.9%, respectively. The initial decrease in our effective tax rate from the year ended September 30, 2010 was primarily attributable to the increased proportion of our sales conducted through OPAL Macao. We cannot assure you that the relevant legislation in Macau will not be amended or abolished in the future adversely affecting the tax-exempt status of OPAL Macao, in which event our effective tax rate may increase. In addition, the tax exemption enjoyed by OPAL Macao is granted under the Macau Offshore Law with various regulatory requirements. If OPAL Macao does not fully comply with the Macau Offshore Law, the rules of conduct and guidelines from time to time issued by the Macau Trade and Investment Promotion Institute, or the conditions contained in OPAL Macao’s business plan approved by the Macau Trade and Investment Promotion Institute, such regulatory entity may consider imposing a fine of up to MOP500,000 and/or revoking OPAL Macao’s commercial offshore license, causing OPAL Macao to cease operations altogether. Furthermore, in the event that the PRC authorities find any part of our bonded sales to the Foxconn Companies in violation of relevant PRC anti-tax avoidance rules contrary to the confirmation we have received from relevant PRC authorities and the view of our PRC legal advisers, we may be required by the relevant PRC authorities to make up the relevant taxes and/or interest in relation to the transactions based on the fair amount of the transactions the relevant PRC authorities may formulate and determine in accordance with the power and discretion conferred to them by PRC law unascertainable to us beforehand. See “Business—Customers, Sales, Marketing and Distribution—Export” beginning on page 131 in this prospectus for a detail description of our export practice involving OPAL Macao, including the views of our PRC and Macau legal advisers.

**Our manufacturing facilities are located in Zengcheng, Guangzhou, Guangdong Province, and any disruption in the facilities could materially and adversely affect our business, financial condition and results of operations.**

All of our manufacturing facilities are located in Zengcheng, Guangzhou, Guangdong Province, China. We do not maintain back-up manufacturing facilities and do not have a formal business continuity or disaster recovery plan. In the event of an earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our manufacturing

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facilities, we may experience substantial losses, including loss of revenue from disrupted production, exceeding our insurance coverage. We may also need to incur substantial additional expenses to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material adverse effect on our business, financial condition and results of operations.

**Our business depends substantially on the continuing efforts of the members of our senior management and our ability to retain them.**

Our continued success depends, to a significant extent, on the ability and expertise of our senior management team members, including our executive Directors and other members of the management who have operational experience and technical expertise in the aluminum products business. In particular, we rely on Mr. Marcus Pan, our founder, chief executive officer and chairman, who has over 21 years of experience in the aluminum products business and is instrumental to our major customer relationships. If one or more of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations.

**We may face increased energy costs and/or insufficient energy supply.**

We consume substantial amounts of electricity and fuel for our operations. As we expand our production capacity and output, our energy requirements will increase. We cannot assure you that we will not experience increases in energy costs, power shortages or disruptions in the future. A number of factors could materially and adversely affect our results of operations, including:

- significant increases in the cost of electricity or fuel;
- interruptions in energy supply due to equipment failure;
- insufficient power generating capacity to fully satisfy the increased demand for electricity driven by continual economic growth; and
- the inability to negotiate economical terms for electricity supply with the local PRC utilities providers.

We cannot assure you that power shortages will not affect us in the future. In addition, although we have back-up power generation systems at our manufacturing facilities, power generated from the back-up system may not be sufficient for our business operations in the event of power outages. We do not have any insurance to cover business interruption, including loss of profits from interruptions resulting from power outages. If energy demand and costs continue to rise, or if energy supplies or the local government's ability to supply and deliver electricity to our sites is disrupted, our financial condition and results of operations could be adversely affected.

**Any failure to maintain an effective quality control system at our manufacturing facilities could have a material adverse effect on our business and operations.**

The quality of our products is critical to the success of our business, and it depends significantly on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of our quality control procedures, our quality training programs and our ability to ensure that our employees adhere to the quality control policies and guidelines. We are subject to certain mandatory production standards set by the PRC government. See "Regulations—Overview of PRC Regulations—Production Standardization" beginning on page 87 of this prospectus. We cannot assure you that our quality control system will effectively maintain our product quality, and any failure

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to do so could have a material adverse effect on our business reputation, results of operations and financial condition.

**We may be subject to liability in connection with industrial accidents at our processing and production sites.**

As our production process is complex and involves the operation of tools, equipment and machinery which are potentially dangerous, industrial accidents resulting in personal injuries or even deaths may occur. Risks particular to our production process include explosions potentially caused by combustion of aluminum dust or injuries related to the high heat and toxic gases emitted by the smelting process. See “Business—Environmental and Safety Regulation Compliance—Safety” on page 142 of this prospectus. We cannot assure you that industrial accidents at our processing and production sites, whether due to malfunctions of such tools, equipment or machinery or other reasons, will not occur in the future. In such an event, we may be held liable for the personal injuries or deaths and subject to monetary losses, fines or penalties or other forms of legal liability as well as business interruptions caused by equipment shutdowns for government investigation or implementation or imposition of safety measures. For example, work safety laws imposed by the PRC government authorities could impose compliance costs or reduce the efficiency of our operations, thereby materially and adversely affecting our business, financial condition and results of operations.

**Our operations in China are subject to various governmental approvals, registrations and reviews, and any failure to obtain necessary approvals, maintain necessary registrations or pass necessary reviews on a timely basis, or at all, could materially and adversely affect our business, results of operations and financial condition.**

Business operations of our PRC subsidiaries require approval by, and registration with, various PRC governmental authorities including those in charge of land, buildings, urban planning, quality regulation, safety, business operations and commercial activities, customs, taxation, environmental protection and foreign exchange administration. As our operations continue to expand, we may, from time to time, be required to maintain or renew our existing registrations or obtain additional approvals. We cannot assure you that we will be able to do so on a timely basis, or at all. If we are unable to obtain necessary government approvals, our business, financial condition and results of operations could be materially and adversely affected.

**Certain of our leased properties may be subject to title encumbrances.**

With respect to a property we currently lease, the lessor has not yet produced to us title documents with respect to a portion of the property, with a gross floor area of approximately 11,715 square meters. As a result, the relevant lease may be invalid under PRC laws and regulations, in which event we may be required to vacate such property, which could interrupt our business operations if we are unable to obtain an alternative lease in a timely manner, or at all. We also cannot assure you that we would not be subject to any claims for compensation with respect to any actual or alleged illegal and/or unauthorized use of land or buildings owned by third parties.

**We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience may result in our incurring substantial costs and the diversion of resources.**

There are certain losses for which insurance is not available on commercially practicable terms, or at all, in China, such as business disruption losses suffered due to terrorism or war. In addition, there is no litigation insurance available in China. Any business disruption or litigation we experience may result in our incurring substantial costs and the diversion of resources. If we suffer any uninsured losses, damages or liabilities in the course of our operations, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed.

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Moreover, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, operating results and financial condition.

In addition, the industrial activities conducted at our facilities present significant risk of serious injury or death to our employees, customers or other visitors to our facilities. We maintain work-related insurance for our employees as required by the PRC government. We do not maintain any insurance covering risks to third parties at our facilities or affected by our industrial activities. If our insurance coverage is inadequate or if third parties are injured or killed at our facilities or as a result of our industrial activities, we could incur material liabilities.

### **We may incur losses resulting from product liability claims.**

We may face product liability claims from our customers, distributors or end-customers in the event that the use of our products or products that use our products as components results in bodily injury, property damage or other loss. We generally do not carry product liability insurance for our products, business interruption insurance or third-party liability insurance for personal injuries. We cannot assure you that we will not receive any complaints or claims against us or be subject to product recalls. We may have to spend significant resources and time to defend ourselves if legal proceedings for product liability are instituted against us. The successful assertion of product liability claims against us could require us to pay significant monetary damages and/or subject us to recall of our products. If any such claims are made, our reputation may also be adversely affected, which may lead to loss of future business, and our business, financial condition, results of operations and prospects could be materially adversely affected.

### **We may not grow at a rate comparable to our growth rate in the past.**

We have experienced a period of rapid growth and expansion. For the years ended September 30, 2010, 2011 and 2012, we recorded revenue of HK\$1,366.9 million, HK\$2,090.6 million and HK\$2,437.0 million, respectively, representing a CAGR of 33.5%, and profit for the year of HK\$86.7 million, HK\$260.3 million and HK\$357.1 million, respectively, representing a CAGR of 102.9%. The sustainability of our growth depends on a number of factors, including our management systems, continuous expansion of our processing and production capacities, changes in market supply and demand as well as economic, political and legal developments in China, Hong Kong and our overseas markets. We cannot assure you that our growth rate can be maintained at any particular level. Should there be any changes which adversely affect our operations, our growth and profitability could be affected.

### **Any unrectified historical non-compliance with PRC environmental regulations may result in adverse publicity and potentially fines or even suspension of our business operations.**

We are required to comply with all PRC national and local regulations regarding the protection of the environment. See “Regulations—Overview of PRC Regulations—Environmental Protection.” For each of our plants, we are required to conduct an environmental impact assessment, obtain approval of the assessment before commencing construction and complete an examination and obtain an environmental acceptance approval before commencing production. We commenced operations of our then new CNC plant in October 2011 without having followed the environmental procedures, and are currently cooperating with the relevant environmental protection authority to conduct them. We obtained the environmental assessment approval of our CNC plant from the Zengcheng Environmental Protection Authority in August 2012, and expect to complete all the required environmental procedures and obtain the environmental acceptance approval in the first half of 2013. As advised by Jingtian & Gongcheng, our PRC legal advisers, failure to complete the foregoing environmental procedures before commencement of operations may lead to fines of not more than RMB300,000, an obligation to complete the procedures within a time limit or even suspension of the relevant operations. If we cannot complete all the required environmental procedures as we currently



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expect, we could be subject to administrative penalties, which could in turn materially and adversely affect our reputation and business operations.

**We may not be able to adequately protect our intellectual property rights.**

Our patents, trademarks, know-how, trade secrets and other intellectual property rights are important to our business. To protect our intellectual property rights, we have registered and applied for PRC patents, registered trademarks and included confidentiality provisions in our employees' employment contracts. We cannot assure you that these measures will be sufficient to prevent any misappropriation of our intellectual property. Furthermore, existing laws in the PRC are still developing and may not protect intellectual property rights to the same extent as do similar laws of other countries. Any significant leakage of our confidential information or infringement of the proprietary technologies and processes used in our business could weaken our competitive position and have a material adverse effect on our operations.

In addition, claims may be brought against us by, or we may assert claims against, other parties involving disputes in relation to intellectual property rights. We have in the past asserted claims against other parties in relation to intellectual property rights. See "Business—Intellectual Property" on page 140 of this prospectus. If we are unable to resolve such claims through negotiations, we may face costly legal proceedings, which may divert the resources and efforts of our management and technical personnel away from our daily business operations and thereby materially and adversely affect our business, financial condition and results of operations. Furthermore, if we are not successful in these proceedings, we could lose our proprietary rights and may be subject to substantial liabilities or even disruption to our business operations.

**Any labor shortages, increased labor cost or other factors affecting our labor force may adversely affect our business, profitability and reputation.**

To support the growth of our business, we will need to increase our workforce of experienced management, skilled labor and other employees to implement our expansion plans and enhance the operating efficiency of our existing facilities. In the event of labor shortages, we may have difficulties recruiting or retaining employees or may face increasing labor costs. We require skilled labor of varying levels and experience. We have historically used third-party staffing companies to dispatch workers to our manufacturing operations. Currently, most of the workers in our manufacturing operations are employees of Guangzhou Anye Human Resources Co., Ltd., or Guangzhou Anye, a third-party staffing company, dispatched to us by agreement. See "Business—Employees and Staff." We cannot guarantee that this or any other staffing company will meet our staffing needs on time or provide contract workers of satisfactory qualification and ability. The Labor Contract Law provides that a staffing company must perform an employer's obligations toward contract workers, including paying their remuneration, and the entity receiving workers may be jointly and severally liable for any harm done to the workers as a result of the staffing company's violation of the law. Under the labor dispatch agreement between us and Guangzhou Anye, we, as the entity receiving workers, at the request of Guangzhou Anye, will disburse salaries to the contract workers directly on behalf of Guangzhou Anye, their employer. In addition, we make a monthly lump-sum payment to Guangzhou Anye which amount reflects the workers' social insurance contributions and our service fees to Guangzhou Anye. We cannot assure you that Guangzhou Anye has fully performed or will consistently fulfill its obligations toward the contract workers dispatched to us, including any social insurance or housing fund contributions. If we are held liable for any shortage in the social insurance or housing fund contributions for the contract workers dispatched to us, our results of operations and financial condition may be adversely affected.

Given the recent economic growth in China, competition for qualified personnel is substantial and labor costs have been increasing generally, and we cannot assure you that we can retain and attract sufficient qualified employees and contract workers on commercially reasonable terms, or at all. As a result of economic development in other regions of China, there may be fewer workers willing to

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relocate to Guangdong Province, which would reduce the pool of qualified and skilled labor available to employ at reasonable cost. Any failure to attract qualified personnel at reasonable cost and in a timely manner could reduce our competitive advantages relative to our competitors, undermining our ability to expand and our growth in revenues and profits. In addition, certain companies operating in the PRC, including Guangdong Province, have experienced labor unrest and strikes in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our workers could adversely affect our business, financial condition or results of operations. Our labor practices may also be subject to scrutiny from the media or other interested parties due to our position as a supplier to the Foxconn Companies, and any negative publicity arising from such scrutiny could adversely affect our reputation or damage our relationships with major customers or cause us to lose major customers, which would adversely affect our business, financial condition and results of operations.

**We may be adversely affected by fluctuations in the global economy and financial markets.**

The global economic slowdown and turmoil in the global financial markets that began in the second half of 2008 have had a negative impact on the global economy, which in turn has affected many industries, including ours. Continued weakness in the United States economy, coupled with the sovereign debt crisis in Europe and economic distress in other parts of the world, could lead to another global economic downturn and financial market crisis, which could reduce demand for our products, particularly by way of reduced demand for consumer electronic products containing parts we manufacture. Any such negative macroeconomic developments could adversely affect the performance of our business, financial condition, results of operations and prospects.

**Any future natural disasters, acts of God, outbreak of any communicable disease in China or any other epidemic may adversely affect our operational results.**

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of people in China. Some regions of China, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics such as Severe Acute Respiratory Syndrome, or SARS, or H5N1 avian flu. For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008 and resulted in tremendous loss of lives and destruction of assets in the region. In April 2009, a human swine influenza also known as Influenza A (H1N1) broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. If in the future any of our employees or our customers in our facilities are suspected of having SARS, H5N1 avian flu or H1N1 human swine flu, or any other epidemic or any of our facilities are identified as a possible source of spreading such epidemic, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees. We may also be required to disinfect the affected properties and thereby suffer a temporary suspension of our operations. Any quarantine or suspension of our operations will affect our operational results. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the H1N1 human swine flu, may result in material disruptions to our operations and delays in meeting our customers' demand, which in turn would materially and adversely affect our business, financial condition and results of operations.

**We are a holding company and rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.**

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements. Under PRC law, dividends of PRC companies can be paid only out of net profit

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calculated according to PRC accounting principles, which differ in many respects from generally accepted accounting principles in other jurisdictions. PRC law also requires foreign-invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves. Our PRC subsidiaries are required to set aside each year at least 10% of their after-tax profits for such year to a statutory surplus reserve. Such reserve may not be discontinued until the accumulated amount has reached 50% of the registered capital of the PRC subsidiary. These statutory reserves are not available for distribution to us, except in a liquidation. Limitations on the ability of our PRC subsidiaries to remit their entire after-tax profits to us in the form of dividends or other distributions could adversely affect our ability to grow, make investments that could be beneficial to our business, pay dividends and otherwise fund and conduct our business. Under Macau law, a Macau-based company may pay dividends to its shareholders only out of profit. If there are losses from the previous year, the profit of the current year cannot be distributed without first covering such losses, and then accumulating or replenishing any compulsory reserves that cannot be distributed to shareholders. We cannot assure you that our subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to us to enable us to pay dividends to our Shareholders. In addition, restrictive covenants in bank credit facilities, indentures, joint venture agreements or other arrangements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to pay dividends or make distributions to us, which in turn would restrict our ability to pay dividends to our Shareholders.

**We operate in a highly competitive industry; if we are unable to compete successfully, our financial condition and results of operations may be adversely affected.**

The aluminum extrusion industry in China is highly fragmented and competitive. We also face competition from local aluminum products manufacturers in our overseas markets, including Australia, Canada, South Africa and Malaysia. Competition is primarily based on price and quality of the products, the level of service in terms of capacity, reliability and timely delivery and proximity to customers. Some of our competitors may have a cost structure that is characterized by lower capital expenditures or labor costs than we have, while other competitors may have greater financial and other resources than we do. Additionally, ICIS Consulting projects that China's aluminum industry may experience production overcapacity in the future, which may result in an oversupply of competing products. We cannot assure you that we will be able to continue to compete successfully in our existing markets. A number of factors, including an increase in operational efficiency, the adoption of competitive pricing strategies, the expansion of operations or the adoption of innovative marketing methods by our competitors, may adversely affect our business, financial condition and results of operations.

### **Risks Relating to Business Operations in the PRC**

**Changes in PRC economic, political and social conditions, as well as government policies, could affect our business and prospects.**

Substantially all of our assets are located in China, and a considerable portion of our revenue is derived from our operations in China. Accordingly, our business, financial condition, results of operations and prospects are, to a large extent, subject to the economic, political, social conditions and government policies in the PRC. The economy of the PRC differs from the economies of most developed countries in many aspects, including but not limited to:

- the amount and degree of the PRC government's involvement;
- the growth rate and degree of development;
- the uniformity in implementation and enforcement of laws;
- the content of and control over capital investment;

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- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. The PRC economy has grown significantly in recent decades, though we cannot assure you that this growth will continue or continue at the same pace. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and we expect them to be changed over time. Other political, economic and social factors may also lead to further adjustments of the PRC government's reform measures. Changes in the PRC's economic reforms may not necessarily have a positive effect on our operations and business development. Our business, prospects and results of operations may be materially and adversely affected by the policies of the PRC government, such as measures to control inflation and to tighten its monetary policies, changes in the rates or methods of taxation and the imposition of additional restrictions on currency conversion. These actions, as well as future actions and policies of the PRC government, could cause a decrease in the overall level of economic activity, and in turn have a material and adverse effect on our business and financial condition.

**Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes in which we may be involved.**

Our principal operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions can only be used as reference. Additionally, such written statutes are often principle-oriented and require detailed interpretation by the enforcement bodies to further apply and enforce such laws. The PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, including laws that are relevant to our business in the aluminum products industry. However, because the PRC government is still in the process of developing its legal system, and because of the limited volume of precedents on the interpretation, implementation and enforcement of PRC laws and regulations and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty.

Further, it may be difficult to obtain swift enforcement of PRC laws, or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. The introduction of new PRC laws and regulations and the interpretation of existing ones may also be subject to policy changes reflecting domestic political or social changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the preemption of local regulations by national laws may have a material adverse effect on our business, financial condition, results of operations and prospects.

**Changes in PRC government rules and regulations may have a significant impact on our business.**

Currently, because we conduct a significant proportion of our business activities in China, we are required to procure permits, licenses and certificates from the relevant government authorities. From time to time, changes in the rules and regulations in the PRC or the implementation thereof may

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require us to obtain additional approvals and licenses from the PRC authorities for our operations in the PRC. In such event, we may need to incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance, as our business cost will increase. Furthermore, we also cannot assure you that such approvals or licenses will be granted to us promptly, or at all. If we experience delays or are unable to obtain such required approvals or licenses, our operations and business in the PRC, and hence our overall financial performance will be adversely affected. Alternatively, these changes may also relax some requirements, which could benefit our competitors or lower market entry barriers and increase competition. In addition, the PRC government may amend or abolish laws and regulations of general application from which we have benefited, such as those establishing the export VAT refund regime, in which event our business, financial condition and results of operations could be materially and adversely affected. For details, please refer to the section entitled “Regulations” beginning on page 86 of this prospectus.

### **Our receipt and use of revenue is subject to PRC laws and regulations governing currency exchange.**

Because a substantial portion of our revenue is denominated in Renminbi, the PRC government’s control over currency exchange may limit our ability to use revenue generated in Renminbi by our PRC subsidiaries to make dividend payments to our Shareholders in foreign currencies, including H.K. dollars. The principal regulation governing foreign currency exchange in China is the Regulation on Foreign Exchange Control (《中華人民共和國外匯管理條例》), as amended. Although PRC government regulations now allow greater convertibility of the Renminbi for current account transactions, significant restrictions remain when the Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investments in China and the repayment of the principal of loans or other debt denominated in foreign currencies. These limitations could affect our ability to obtain foreign exchange for capital expenditures. We cannot assure you that the PRC regulatory authorities will not impose more stringent restrictions on the convertibility of the Renminbi, especially with respect to capital-account transactions.

The PRC government restrictions on foreign-exchange transactions under the capital account also affect our ability to finance our PRC subsidiaries. Subsequent to this Global Offering, we have the choice, as permitted by the PRC foreign-investment regulations, to invest our net proceeds from this Global Offering in our PRC subsidiaries to finance our operations in China in the form of an increase in registered capital or a shareholder loan. Our ability to do so is subject to approval by PRC government authorities, in the case of an increase in registered capital, or approval and registration with PRC government authorities, in the case of a shareholder loan, to the extent that the existing foreign investment approvals received by our PRC subsidiaries permit such shareholder loans. These limitations on the flow of funds between our PRC subsidiaries and us could restrict our ability to act promptly in response to changing market conditions.

### **Fluctuations in the value of the Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries.**

The value of the Renminbi depends, to a large extent, on domestic and international economic, financial and political developments and China’s government policies, as well as supply and demand in local and international markets. From 1999 to 2005, the conversion of the Renminbi into foreign currencies, including the U.S. dollar and the H.K. dollar, was based on exchange rates set and published daily by the PBOC in light of the previous day’s inter-bank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of the Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, the PBOC revalued the Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of the Renminbi appreciated by more than 2% on that day. Since then, the PBOC has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5%

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around the central parity rate, effective on May 19, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced its intention to proceed with the reform of the Renminbi exchange rate regime to increase the Chinese currency's exchange rate flexibility. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 30.0% from July 21, 2005 to January 11, 2013. The Renminbi exchange rate could fluctuate widely against the U.S. dollar or any other foreign currency in the future. As some of our income and profits are denominated in Renminbi, any appreciation of the Renminbi will increase the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Conversely, any depreciation of the Renminbi will decrease the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms.

**We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income, which could result in unfavorable tax consequences to us and our non-PRC Shareholders.**

Under the EIT Law that took effect on January 1, 2008, enterprises established outside of China whose “de facto management bodies” are located in China are considered to be “tax resident enterprises” and are subject to the uniform 25% corporate income tax rate as to their aggregate worldwide income, unless otherwise provided by PRC laws and regulations. The Regulation on the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) further defines “de facto management bodies” as bodies that have substantial or overall management and control over operations, personnel, finances, property and other aspects of the enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, which sets out certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore incorporated enterprise is located in China.

As our management functions with respect to daily operations, financial decisions and personnel decisions of the Company are mainly located in Hong Kong, we believe that our Company is not a “tax resident enterprise” and does not meet the criteria under Circular 82 to be considered as having our “de facto management body” located in China. We cannot assure you, however, that the PRC tax authorities will share our position, or that the SAT will not implement Circular 82 or amend the EIT Law and its implementation rules in the future to the effect that such rules will apply to us or any of our overseas subsidiaries. If we were considered a “tax resident enterprise,” we would be subject to a 25% enterprise income tax on our global income unless otherwise provided by PRC laws and regulations, which could significantly increase our tax burden and materially and adversely affect our financial condition and results of operations.

In addition, under the EIT Law and its implementation rules, to the extent dividends from earnings derived since January 1, 2008 are sourced within China and if we were considered a “resident enterprise” in China, PRC income tax at the rate of 10% (or a lower rate pursuant to an applicable tax treaty) would be withheld from dividends payable by us to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Furthermore, any gains realized on the transfer of our Shares by such “non-resident enterprise” investors would be subject to a 10% PRC income tax if such gains are deemed income derived from sources within China and we are considered a “resident enterprise” in China. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to foreign holders of our Shares who are “non-resident enterprises,” or if you are required to pay PRC income tax on the transfer of our Shares under PRC tax laws, the value of your investment in our Shares may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident

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## RISK FACTORS

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enterprise,” holders of our Shares may be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

**PRC regulations on direct investment and loans by offshore holding companies to PRC subsidiaries may delay or prevent us from using the proceeds from the Global Offering to make additional capital contributions or loans to our PRC subsidiaries, which could harm our liquidity and our ability to fund and expand our business.**

As an offshore holding company incorporated in the Cayman Islands, we may make additional capital contributions or loans to our PRC subsidiaries, including from the proceeds of the Global Offering. Any loans to our PRC subsidiaries are subject to PRC regulations. For example, loans from us to our wholly owned PRC subsidiaries, which are foreign-invested enterprises, to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterparts.

We may also decide to finance our wholly owned PRC subsidiaries by means of capital contributions. These capital contributions must be approved by MOFCOM or its local counterparts. We cannot assure you that we will be able to obtain the necessary government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be adversely affected, which in turn could adversely affect our liquidity and our ability to fund and expand our business.

In addition, on August 29, 2008, SAFE promulgated Circular 142 (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), a notice regulating the conversion by a foreign-invested company of its capital contribution denominated in a foreign currency into Renminbi. The notice requires that the capital of a foreign-invested company converted from foreign currencies and settled in Renminbi may not be used for equity investments within the PRC but may only be used for purposes within the company’s business scope, as approved by the authorities in charge of foreign investment or by other competent authorities, and as registered with the Administration for Industries and Commerce. In addition, SAFE strengthened its oversight of the flow and use of the capital of a foreign-invested company settled in Renminbi and converted from foreign currencies. The use of such Renminbi capital may not be changed without SAFE’s approval and may not in any case be used to repay Renminbi denominated loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, including heavy fines. As a result, Circular 142 may significantly limit our ability to transfer the net proceeds from the Global Offering to our PRC subsidiaries or to convert the net proceeds from this offering into Renminbi to invest in or acquire any other PRC companies, which may adversely affect our ability to expand our business.

**It may be difficult to effect service of process upon our Directors or executive officers who reside in China or to enforce against us or them in China any judgments obtained from non-PRC courts.**

Some of our senior management members reside in China, but substantially all of the assets of these persons and substantially all of our assets are located in China. It may be difficult for investors to effect service of process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

On July 14, 2006, the Supreme People’s Court of the PRC and the Hong Kong Government signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative

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## RISK FACTORS

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Region Pursuant to Choice of Court Arrangements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under such arrangement, where any designated People's Court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment after due compliance with relevant procedures. The arrangement has been promulgated by the Supreme People's Court of the PRC and came into effect on August 1, 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain.

### **Risks Relating to the Global Offering**

#### **An active trading market in our Shares may not develop, which could have a material and adverse effect on our Share price and on your ability to sell your Shares.**

Prior to the completion of the Global Offering, no public market has existed for our Shares. The Offer Price for our Offer Shares will be determined by us and the Joint Bookrunners (on behalf of the Underwriters) and may differ significantly from the market price for our Shares following the completion of the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares. However, we cannot assure you that the Global Offering will result in the development of an active and liquid public trading market for our Shares. If an active public market for our Shares does not develop, the Shares could trade at a price lower than their initial offering price and you may not be able to resell your Shares for an extended period of time, or at all.

#### **The trading volume and market price of our Shares may be volatile, which could result in substantial losses for investors who purchase our Shares in the Global Offering.**

The price and trading volume of our Shares may be highly volatile. Factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of competition, the emergence of new technologies, strategic alliances or acquisitions, industrial or environmental accidents we may suffer, addition or departure of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices and demand for our products or the raw materials we use could cause large and sudden changes in the volume and price at which our Shares will trade. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

#### **You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.**

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, you and other purchasers of our Shares in the Global Offering will experience an immediate dilution in unaudited pro forma net tangible asset value of approximately HK\$2.85 per Share, based on the maximum Offer Price of HK\$4.50.

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. You and other purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issue.

#### **Future offerings or sales of our Shares could adversely affect the prevailing market price of our Shares and result in dilution.**

Future offerings or sales of our Shares by us or our Controlling Shareholders, or other shareholders in the public market, or the perception that such offerings or sales could occur, may



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## RISK FACTORS

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cause the market price of our Shares to decline. Please refer to the section entitled “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering” on page 218 of this prospectus for details of restrictions that may apply to future sales of our Shares. After these restrictions lapse, the market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares (including the issuance of new Shares pursuant to the exercise of share options granted by us) or the perception that such sales or issuances may occur. This could also have a material and adverse effect on our ability to raise capital in the future at a time and at a price deemed appropriate. In addition, if we issue additional Shares or share options in the future, you may experience further dilution.

**Due to a gap of up to five business days between pricing and commencement of trading of the Offer Shares, the initial trading price could be lower than the Offer Price.**

The Offer Price will be the result of negotiations between us and the Joint Bookrunners (on behalf of the Underwriters), determined on the Price Determination Day. Our Offer Shares, however, will not commence trading until the Listing Date, which is expected to be up to five business days after the Price Determination Date. The market price of our Offer Shares could fall during such period, due to market conditions or other reasons, and therefore the initial trade price of our Offer Shares may be lower than the Offer Price. Because you will be unable to sell or otherwise deal in our Offer Shares prior to the commencement of trading, you are subject to the risk of such price decline.

**We may be unable to pay any dividend on our Shares.**

Our Company is a holding company established in the Cayman Islands with production subsidiaries in China. Therefore, the availability of funds to us to pay dividends to our Shareholders and to service our indebtedness will depend heavily upon dividends received from our production subsidiaries in China. If these subsidiaries incur debt or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted. For further information regarding our declaration and payment of dividends, please refer to the section entitled “Financial Information—Dividends and Dividend Policy” on page 213 of this prospectus.

Our ability to declare dividends in relation to our Shares will also depend on our future financial performance, which in turn depends on our success in implementing our business strategy and expansion plans and on financial, competitive, regulatory, and other factors, general economic conditions, demand for and prices of our services, costs of supplies and other factors specific to our industry, many of which are beyond our control. The receipt of dividends from our operating subsidiaries may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations, and other events out of our control. PRC law requires that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions. In addition, restrictive covenants in our credit facilities or other agreements that we may enter into in the future may also restrict the ability of our operating subsidiaries to make distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may affect our ability to pay dividends to our Shareholders.

**We cannot guarantee the accuracy of facts, forecasts and other statistics derived from various official government publications and commissioned research reports with respect to China, the PRC economy and certain industries contained in this prospectus.**

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and certain industries have been derived from various official government publications and commissioned research reports. However, we cannot guarantee the quality or reliability of the source materials. They have not been prepared or independently verified by us, the Joint Global Coordinators and the

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## RISK FACTORS

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Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, exercised reasonable care in the reproduction and extraction of such facts, forecasts and statistics from the relevant official government publications and commissioned research reports for the purpose of inclusion in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Our Directors have reviewed and considered these uncertainties to the facts, forecasts and other statistics contained in this prospectus. Accordingly, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the industries contained in this prospectus.

**You should rely on this prospectus, and not place any reliance on any information contained in press articles or other media, in making your investment decision.**

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is not contained in, or is different from what is contained in, this prospectus. Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Listing Rules. We have not authorized any such press and media reports, and the financial information, financial projections, valuations and other information purportedly about us contained in such unauthorized press and media coverage may be untrue and may not reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus and the Application Forms.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **Directors' Responsibility for the Contents of this Prospectus**

This prospectus, for which the Directors collectively and individually accept full responsibility, contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation 571V of the SFO) and the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **Information on the Global Offering**

The Offer Shares are offered for subscription and sale solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Joint Global Coordinators, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, agents, employees or advisers or any other parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

### **Underwriting**

The Global Offering comprises the Hong Kong Public Offering of initially 30,000,000 Offer Shares and the International Offering of initially 270,000,000 Offer Shares subject, in each case, to re-allocation on the basis described in the section entitled "Structure of the Global Offering" beginning on page 227 of this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement on a conditional basis. One of the conditions is that we and the Joint Bookrunners (on behalf of the Underwriters) have agreed on the Offer Price. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Global Coordinators.

The Offer Price is expected to be determined by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, January 29, 2013 and, in any event, not later than Wednesday, January 30, 2013. If, for any reason, the Offer Price is not agreed among the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering will not proceed. For full information about the Underwriters and the underwriting arrangements, please see the section entitled "Underwriting" beginning on page 218 of this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **Restrictions on Sale of Offer Shares**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

### **Application for Listing on the Stock Exchange**

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any additional Shares which may be issued upon the exercise of any options granted under the Share Option Scheme). None of our Shares or loan capital of our Company is listed on or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek such listing or permission to deal in our Shares on any other stock exchange.

### **Our Shares Will Be Eligible for Admission into CCASS**

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek advice from your stockbroker or other professional advisers for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Professional Tax Advice Recommended**

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation. We emphasize that none of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, Underwriters, us, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchasing, holding or disposing of, or dealing in our Shares or your exercise of any rights attaching to our Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### **Hong Kong Register of Members and Stamp Duty**

Our Company's principal register of members will be maintained in our Company's principal share registrar in the Cayman Islands. Our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares issued by us pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our register of members to be maintained in Hong Kong.

No stamp duty is payable by applicants in the Global Offering.

Dealings in the Shares registered in the our Company's register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty. Please see the section entitled "8. Taxation of holders of Shares—(a) Hong Kong" in Appendix VI to this prospectus.

Unless we determine otherwise, dividends payable in H.K. dollars in respect of our Shares will be paid to the Shareholders listed on our Hong Kong register of members, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

### **Procedure for Application for Hong Kong Offer Shares**

The procedure for applying for Hong Kong Offer Shares is set out in the section entitled "How to Apply for Hong Kong Offer Shares" beginning on page 235 of this prospectus and on the Application Forms.

### **Structure of the Global Offering**

Details of the structure of the Global Offering, including its conditions, are set out in the section entitled "Structure of the Global Offering" in this prospectus.

### **Rounding**

Any discrepancies in any table between totals and sums of amounts and percentages listed therein are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Directors

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Marcus Pan (Chairman and CEO)	25A, Nam Tien Mansion Taikoo Shing Hong Kong	Australian
Ms. Shao Lidan	25A, Nam Tien Mansion Taikoo Shing Hong Kong	Chinese
Mr. Leung Chi Wing	17A, Juniper Mansion Taikoo Shing Hong Kong	British
<i>Independent non-executive Directors</i>		
Mr. Tsang Wah Kwong	Flat B, 11 <sup>th</sup> Floor Block 9, Vista Paradiso 2 Hang Ming Street Ma On Shan New Territories Hong Kong	Chinese
Mr. Chan Nim Leung Leon	9C Amber Garden 70 Kennedy Road Hong Kong	Chinese
Mr. Wong Yee Shuen Wilson	Flat 4A, Block 9 16 La Salle Road Kowloon Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Parties Involved in the Global Offering

#### Joint Global Coordinators

*(in alphabetical order):*

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited  
28/F, Chater House  
8 Connaught Road Central  
Hong Kong

#### Joint Sponsors

*(in alphabetical order):*

HSBC Corporate Finance (Hong Kong) Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities (Far East) Limited  
28/F, Chater House  
8 Connaught Road Central  
Hong Kong

#### Joint Bookrunners

*Hong Kong Public Offering*

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited  
28/F, Chater House  
8 Connaught Road Central  
Hong Kong

ABCI Capital Limited  
Room 701  
7/F One Pacific Place  
88 Queensway  
Hong Kong

UBS AG, Hong Kong Branch  
52/F Two International Finance Centre  
Finance Street  
Central  
Hong Kong

*International Offering*

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Joint Lead Managers

ABCI Capital Limited  
Room 701  
7/F One Pacific Place  
88 Queensway  
Hong Kong

UBS AG, Hong Kong Branch  
52/F Two International Finance Centre  
Finance Street  
Central  
Hong Kong

*Hong Kong Public Offering*  
The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited  
28/F, Chater House  
8 Connaught Road Central  
Hong Kong

ABCI Securities Company Limited  
Room 701  
7/F One Pacific Place  
88 Queensway  
Hong Kong

UBS AG, Hong Kong Branch  
52/F Two International Finance Centre  
Finance Street  
Central  
Hong Kong

*International Offering*  
The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

ABCI Securities Company Limited  
Room 701  
7/F One Pacific Place  
88 Queensway  
Hong Kong



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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UBS AG, Hong Kong Branch  
52/F Two International Finance Centre  
Finance Street  
Central  
Hong Kong

BOCOM International Securities Limited  
9/F, Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

China International Capital Corporation Hong  
Kong Securities Limited  
25th Floor, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

Platinum Securities Company Limited  
21/F, LHT Tower  
31 Queen's Road Central  
Hong Kong

### **Co-lead Managers**

Cinda International Securities Limited  
45/F COSCO Tower  
183 Queen's Road Central  
Hong Kong

Sun Hung Kai Investment Services Limited  
42/F, The Lee Gardens  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### **Reporting accountant**

PricewaterhouseCoopers  
Certified Public Accountants  
22/F, Prince's Building  
Central  
Hong Kong

### **Legal advisers to our Company**

*As to Hong Kong and U.S. federal and New York  
law:*

Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*As to PRC law:*

Jingtian & Gongcheng  
34/F, Tower 3, China Central Place  
77 Jianguo Road  
Chaoyang District  
Beijing 100025  
PRC

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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*As to Cayman Islands law:*  
Conyers Dill & Pearman (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*As to Macau law:*  
DSL Lawyers  
16/F, China Law Building  
No. 409 Avenida da Praia Grande  
Macau

### **Legal advisers to the Underwriters**

*As to Hong Kong and U.S. federal and New York law:*  
Latham & Watkins  
18th Floor, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to PRC law:*  
King & Wood Mallesons  
28 Floor, Landmark  
4028 Jintian Road  
Futian District  
Shenzhen, Guangdong Province 518026  
PRC

*As to Macau law:*  
A & N, Advogados & Notários  
25/F, Edf. Centro Comercial da Praia Grande  
No. 429 Avenida da Praia Grande  
Macau

### **Property valuer**

Savills Valuation and Professional Services  
Limited  
23/F, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### **Receiving bankers**

The Hong Kong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
15/F Standard Chartered Tower  
388 Kwun Tong Road  
Kowloon

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## CORPORATE INFORMATION

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<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY 1-1111 Cayman Islands
<b>Headquarters and place of business in Hong Kong</b>	1802A, Tower 5 China Hong Kong City 33 Canton Road Tsim Sha Tsui Kowloon Hong Kong
<b>Production base in the PRC</b>	Tangerine Garden Guangshan Road Licheng Town Zengcheng, Guangzhou Guangdong Province PRC
<b>Company's website</b>	<a href="http://www.palum.com">www.palum.com</a> (information contained in this website does not form part of this prospectus)
<b>Company secretary</b>	Ms. Ng Bonnie Po Ling, <i>HKICPA, AICPA</i>
<b>Authorized representatives</b>	Mr. Marcus Pan 25A, Nam Tien Mansion Taikoo Shing Hong Kong  Mr. Leung Chi Wing 17A, Juniper Mansion Taikoo Shing Hong Kong
<b>Audit committee</b>	Mr. Tsang Wah Kwong (chairman) Mr. Chan Nim Leung Leon Mr. Wong Yee Shuen Wilson
<b>Remuneration committee</b>	Mr. Chan Nim Leung Leon (chairman) Mr. Tsang Wah Kwong Mr. Wong Yee Shuen Wilson Mr. Marcus Pan
<b>Nomination committee</b>	Mr. Marcus Pan (chairman) Mr. Chan Nim Leung Leon Mr. Tsang Wah Kwong Mr. Wong Yee Shuen Wilson
<b>Compliance adviser</b>	Platinum Securities Company Limited 21/F, LHT Tower 31 Queen's Road Central Hong Kong

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## CORPORATE INFORMATION

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<b>Principal share registrar</b>	Royal Bank of Canada Trust Company (Cayman) Limited 4 <sup>th</sup> Floor, Royal Bank House 24 Shedden Road P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands
<b>Hong Kong branch share register</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17 <sup>th</sup> Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
<b>Principal banker</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central, Hong Kong

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## INDUSTRY OVERVIEW

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*We have extracted and derived the information in the section below, in part, from various official government publications and commissioned reports from ABI Research and ICIS Consulting. See “—Sources of Information” below. Unless otherwise specified, information concerning the global mobile device aluminum casing industry is derived from the market research report by ABI Research, and information concerning the aluminum extrusion products industry is derived from the market research report by ICIS Consulting. We believe that such sources are appropriate for the information below, including forward-looking information for future periods as identified, and have taken reasonable care in extracting and reproducing such information. We and the Joint Sponsors have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates or advisers, or any party involved in the Global Offering and no representation is given as to its accuracy.*

### Sources of Information

In connection with the Global Offering, we commissioned research reports from two independent market intelligence companies, ABI Research and ICIS Consulting, for use in part in this prospectus to provide prospective investors with necessary information on the relevant industries. ABI Research provided a report on the global mobile device industry entitled “Mobile Device Landscape.” ICIS Consulting provided a report on the PRC and global aluminum extrusion products industries entitled “China Aluminum Alloy Extrusion Product Market Study.” ABI Research and ICIS Consulting have charged us a total fee of US\$33,000 and US\$39,500, respectively, for the preparation of the commissioned reports, which we believe are in line with the market rates for such reports.

ABI Research is a market intelligence company founded in 1990 specializing in global connectivity and emerging technology, providing services to over 500 clients annually. Its research covers a broad base of manufacturers and service companies participating in the technology market, including mobile devices and tablets, device teardowns and semiconductors, mobile carrier strategies, mobile infrastructure and others. The report from ABI Research is based on (i) primary sources, including interviews with executives, engineers and marketing professionals and (ii) secondary sources, including industry periodicals, trade group reports, government and private databases, corporate financial reports, industry directories and others. In preparing forecasts and other estimates, ABI Research (i) employed a shipment forecast model based in part on historical growth figures and input from interview subjects and other primary sources, as well as macroeconomic factors; (ii) assessed the drivers and barriers of each application and market segment in order to assess future growth potential; and (iii) analyzed announced and currently available products, among others.

ICIS Consulting is a market intelligence company focused on the global chemical, energy and fertilizer industries, covering over 120 commodity markets and upstream and downstream sectors in Europe, Africa, the Middle East, Asia-Pacific and the Americas. The report for ICIS Consulting is based on (i) regular tracking of the aluminum industry; (ii) secondary sources, including those providing market sizes for products making use of aluminum extrusions and the amount of aluminum extrusions used in such products; and (iii) primary interviews with industry experts and participants. In preparing forecasts and other estimates, ICIS Consulting assumed steady growth of China’s GDP.

### Introduction

This industry overview summarizes (i) the global mobile device aluminum casing industry, which includes products used to make mobile device casings and chassis, and (ii) the global aluminum extrusion products industry.

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## INDUSTRY OVERVIEW

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### Global Mobile Device Aluminum Casing Industry

Mobile device manufacturers take into account a number of considerations when selecting the materials to be used as casings and chassis, including production scale, material properties, regulatory and industry standards, aesthetics and technology. Plastics, which score well in the decision criteria mentioned above, are currently the primary choice for device manufacturers. However, as mobile device design and consumer preferences evolve, other materials, such as aluminum, are increasingly considered for use in mobile devices.

#### ***Selection Criteria for Casing and Chassis Materials***

*Production scale.* Materials to be considered for use in these devices should be capable of meeting the scale of demand and demand growth in the mobile device industry. The smartphone and mobile device markets generate over 500 million unit shipments per year. With the increasingly rapid development cycles of mobile handsets, mobile handset original equipment manufacturers, or OEMs, must choose from developed and available materials as the development of custom materials and production equipment is not the core competency of OEMs.

*Material properties.* For inclusion in a mobile device, a material's properties such as cost, weight, strength, flexibility, customization, durability, interaction with radio signals, interactions with other device materials, toxicity, environmental impact and aesthetics are taken into account. The weight placed on these considerations can vary by device design, regional legislative mandate, product use case, product manufacturer, consumer preferences, among others. The key form factor trend for mobile devices is towards thinner and lighter products. This creates a need for materials that are strong enough to endure both impact and torsion stresses encountered in the daily use of a portable device while maintaining a low device weight.

*Regulatory and industry standards.* The mobile device market is global in nature, and products are designed in a manner that complies with the regulatory and industry standards which exist across different end markets and regions. The use of a material that prevents the import or export to a particular market would limit the revenue potential of a mobile device. Designing unique device models for each jurisdiction is not practical or efficient.

*Aesthetics.* The aesthetics of mobile devices is becoming increasingly important as a means to signal to consumers the high costs associated with increasingly complex and smaller mobile devices. Aluminum has been recognized as a material that outperforms plastics in signaling product quality and value to consumers of mobile devices. Mobile devices, particularly smartphones and handsets, have become among the most personal items of technology a consumer owns. The practical design constraints in mobile devices limit how device OEMs can visually differentiate their products. Aluminum can be engineered to deliver multiple surface finishes, looks, feels and colors and be made to resist scratching, corrosion and heat.

*Technology.* Continued advancements in metallurgy, machining and finishing technologies are driving the applicability of aluminum in mobile device design. As opposed to cold forming techniques, the use of superplastic forming techniques offers advantages in production costs, finish quality, shape design and retention. Advances in CNC lathing have enabled the creation of complex device frames from a single block of aluminum while maintaining production efficiencies, finish requirements and the high degree of precision required in mobile devices.

#### ***Aluminum in Media Tablets***

The iPad, one of the most popular media tablets, is designed with an aluminum chassis. Not only does the chassis provide the outer casing of an iPad, it also provides the internal tray used for mounting the system board and internal components. Rigidity is cited as another benefit of developing a media tablet around a solid aluminum body or enclosure. A two-piece solution using plastic or carbon fiber for the external enclosure has led to greater thickness of non-aluminum tablets.

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## INDUSTRY OVERVIEW

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### ***Aluminum in Smartphones***

The use of aluminum in smartphones has become popular because the material properties and cost of aluminum match the current and future design requirements well. Aluminum is used in both the device chassis as well as finishing design elements. Smartphone designs that require the bonding of aluminum to plastics can create technical challenges and increase production complexity. Despite such complexity, the strength of aluminum and the scarcity of alternative materials are expected to keep aluminum as a primary choice in smartphone design.

### ***Aluminum in Laptop Computers***

A trend in laptop computing is the unibody, where the enclosure and the tray holding the system board are integrated or built from a single block of material. An aluminum unibody design often requires a relatively expensive CNC lathe for production. Few suppliers have the CNC lathe capacity and processing experience to yield volumes needed for all laptop computers and the growth anticipated by the introduction of more laptop computer systems.

### ***Media Tablets***

#### *Media Tablets Market Overview and Trends*

Apple Inc. established widespread consumer awareness of the media tablet market during 2010 with the introduction of the iPad. Since then, more than 100 vendors have introduced slate form-factor devices. ABI Research estimated that annual media tablet shipments worldwide surpassed 64 million units in 2011.

Some of the distinct capabilities of a media tablet are:

*Interface.* Media tablets have a touch screen interface, and the screen is the primary method of controlling the device. Some “hybrid” models have removable keypads.

*Screen size.* Media tablets have screens with diagonal length of five inches or more. Thus, media tablets are larger than smartphones, but smaller than the majority of laptops.

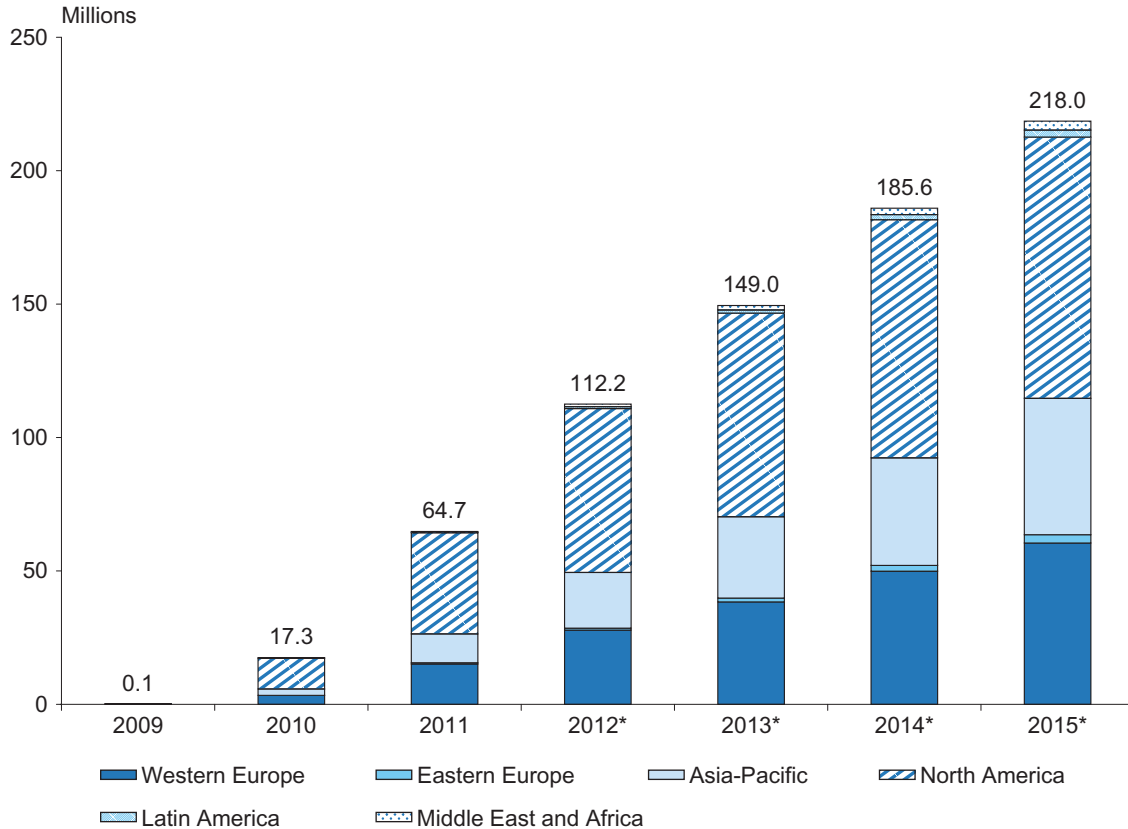
*Media-oriented.* Media tablet devices are focused on providing user access to entertainment and information. As these devices connect to the Internet, consumers will utilize that connectivity for their media usage, such as video/music download and playback and gaming.

## INDUSTRY OVERVIEW

The table below sets forth the historical and forecast worldwide sales of media tablets:

### Total Media Tablet Shipments

#### World Market



\* Estimate  
Source: ABI Research

**Limited productivity.** Unlike laptops or the traditional “slate” computers, media tablets do not have full productivity capabilities and applications. Applications for media tablets focus on the touch experience and simplicity rather than providing the user with significant control, versatility and programmability of the software environment.

**Operating system.** Media tablets also have their own operating systems, with an emphasis on open platforms.

**Connectivity.** Connectivity is part of the media tablet package; Wi-Fi is a common feature, and will remain a mainstay of media tablets. Many models include Bluetooth, and others have built-in wireless wide area network connectivity to mobile broadband networks.



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## INDUSTRY OVERVIEW

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Other features vary by device and anticipated function and use. For example, some may include cameras to allow photo and video capture, playback or conferencing or global positioning system (GPS) receivers for navigation and location-based services.

### iPad Shipments

#### World Market

	<u>2010</u>	<u>2011</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>
Shipments (millions) . . . . .	14.8	40.5	74.3	98.9	123.6
Year on year change (%) . . . . .		174%	84%	33%	25%

\* Estimate

Source: ABI Research

#### Media Tablet Market Drivers

The increase in the use of media tablets is primarily driven by the expansion of broadband on Wi-Fi connections, the increase in digital content information and device convergence.

*Broadband.* As broadband service moves from primarily a neighborhood-level service to a home-specific service, individual PC connections are expected to expand to multiple, connected devices. In areas where wired broadband service is not available or affordably priced, individuals and businesses will likely consider mobile broadband options.

*Wi-Fi.* Data from the Digital Home research unit of ABI Research suggests that more than one in three households in the United States now have Wi-Fi home networking. Media tablets are inherently connected devices and benefit from a wireless connection.

*Increase in digital content consumption.* The television has traditionally been the primary screen for video content, but this is changing, as more connected devices become available. These additional screens, including the media tablet, can provide high quality, high-definition experiences for personal use.

*Device convergence.* The personal computer ("PC") has been the traditional platform for a wide range of activities. Now desktop PCs and even portable laptop computers compete for attention with mobile phones that can run a variety of applications. Functions that used to be the exclusive domain of the laptop computer or the smartphone are now available in more convenient or "right-sized" formats.

Internet-enabled computing is now possible for an older generation of users that do not typically use PCs and small-screen mobile handsets.

### Smartphones

#### Smartphone Market Overview and Trends

ABI Research forecasts that shipments of smartphones will increase from 480 million in 2011 to 1.0 billion in 2015, representing a 20.4% CAGR. The iPhone was launched in 2007. In 2010 and 2011, total shipments of the iPhone were approximately 47.5 million and 93.1 million, representing approximately 15.8% and 19.4% of the total smartphone market, respectively.

Accounting for approximately 25% of total mobile handset shipments in 2011, smartphones are likely to continue to increase in popularity. Much of the smartphone industry value chain has at least a

## INDUSTRY OVERVIEW

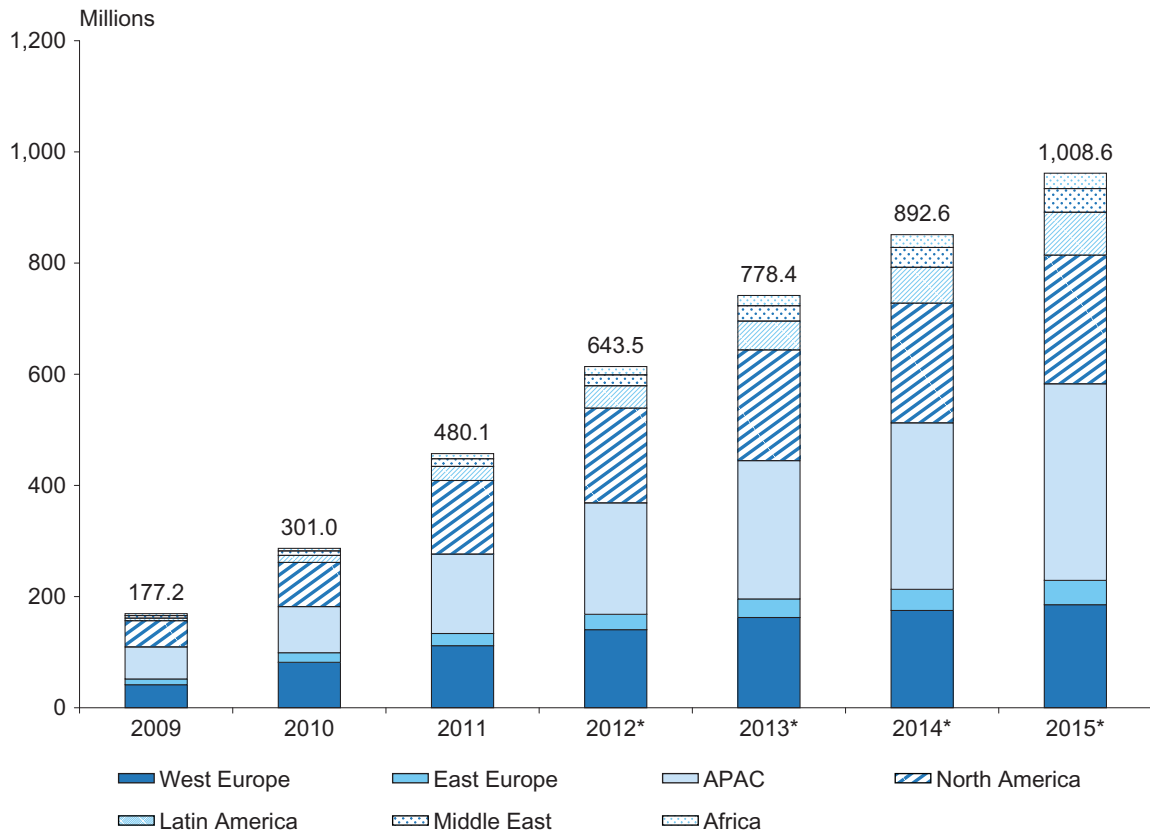
partial focus on reducing the cost of smartphones, and recent new developments could remove the mobile handset price differential between feature phones and smartphones.

Over the last three years, incumbent market leading mobile platforms have been discontinued or lost relevance as Apple Inc.'s mobile operating system and Google's Android mobile operating system have reset market expectations for mobile operating systems. The efforts of leading market participants to develop new competitive mobile operating systems have yet to impact significantly the dominance of the smartphone and media tablet device systems. Due to the uncertainty of these developing mobile operating systems, ABI Research expects consolidation of leading mobile platforms over the next several years.

The table below sets forth the historical and forecast worldwide sales of smartphones:

### Total Smartphone Shipments

#### World Market



\* Estimate  
Source: ABI Research

### iPhone Shipments

#### World Market

	2009	2010	2011	2012*	2013*	2014*
Shipments (millions) . . . . .	25.1	47.5	93.1	140.1	176.5	211.8
Year on year change (%) . . . . .		89%	96%	50%	26%	20%

\* Estimate  
Source: ABI Research

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## INDUSTRY OVERVIEW

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### *Smartphone Market Drivers*

Increasingly, more consumers are demanding the ability to download applications and enjoy a full browsing experience on their mobile phones. Consumers appreciate and demand wireless data services. Wireless subscribers were slow to move to content and service offerings beyond voice communications and text messaging, but usage quickly spiked once awareness of the technology's possibilities rose. Population densities, computer usage, use of mass transportation and other expenses will continue to affect the rate at which various regions adopt the content services that push demand for smartphones.

Smartphone demand is being met with supply. With minor exceptions, smartphone OEMs have kept pace with growing user demand. The smartphone segment is currently experiencing the fastest growth in the mobile handset market, and it is expected to continue to outpace the overall mobile handset market over the next several years. In 2010 and through 2011, component suppliers experienced strain to fill such growing user demand.

Economic conditions remain a present concern for OEMs. As a result of the current tough economic conditions, vendors involved in all aspects of the mobile handset industry have been under pressure to modify and reassess their business models to remain competitive. However, smartphones have proven to be more resilient to slow macro-economic conditions and are expected to maintain a growth trend.

Content and application demand also pushes smartphone demand. Services such as mobile Internet access, online gaming, mobile blogging, video on demand, live video, webcasts, improved browsing, instant messaging, mobile music and video downloads are prompting users to adopt smartphones. In addition, location-based services that allow users to locate the nearest ATM, restaurant, gas station and so on are becoming increasingly popular, and smartphones with GPS are now being pitched as substitutes for in-car navigation systems. These services and the declining prices of smartphones are contributing to rising user demand for the devices. Smartphones are becoming not only more attractive, but also more affordable.

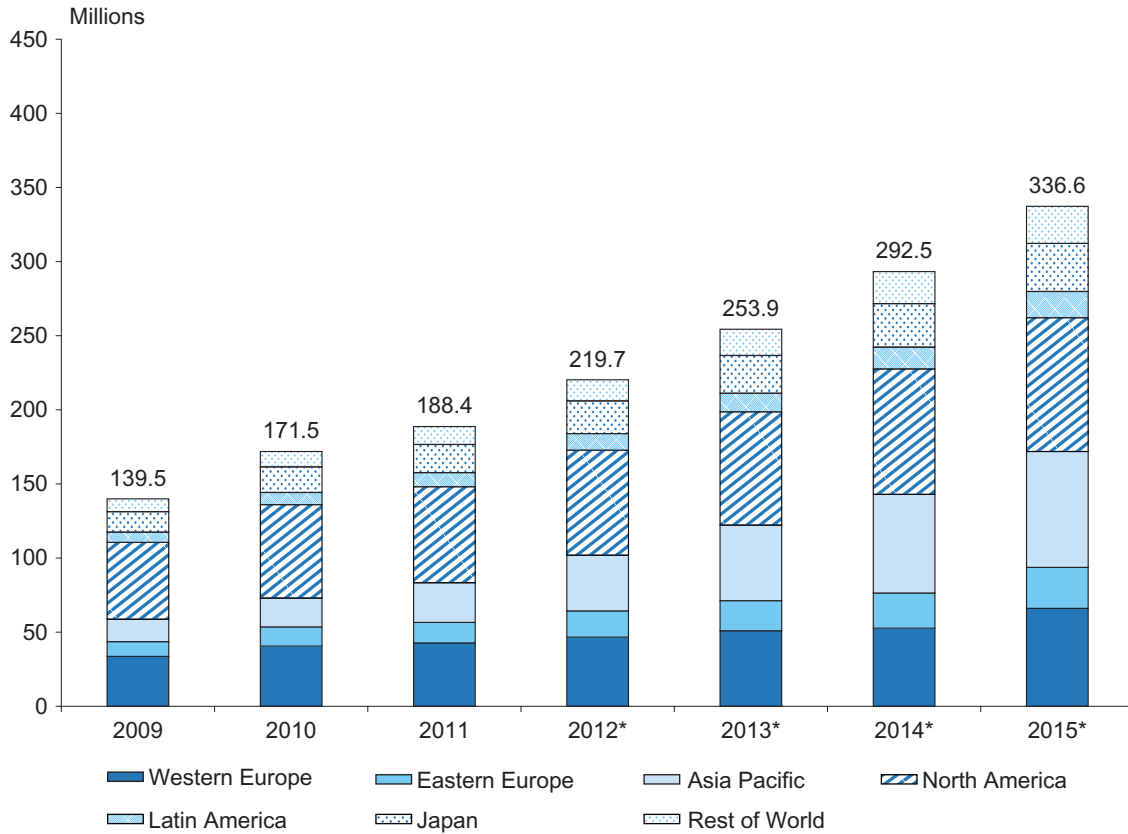
### ***Laptop Computers***

#### *Laptop Computer Market Overview and Trends*

ABI Research forecasts that shipments of laptop computers will increase from 188.4 million in 2011 to 336.6 million in 2015, representing a CAGR of 15.6%.

## INDUSTRY OVERVIEW

The table below sets forth the historical and forecast worldwide shipments of laptop computers:



\* Estimate  
Source: ABI Research

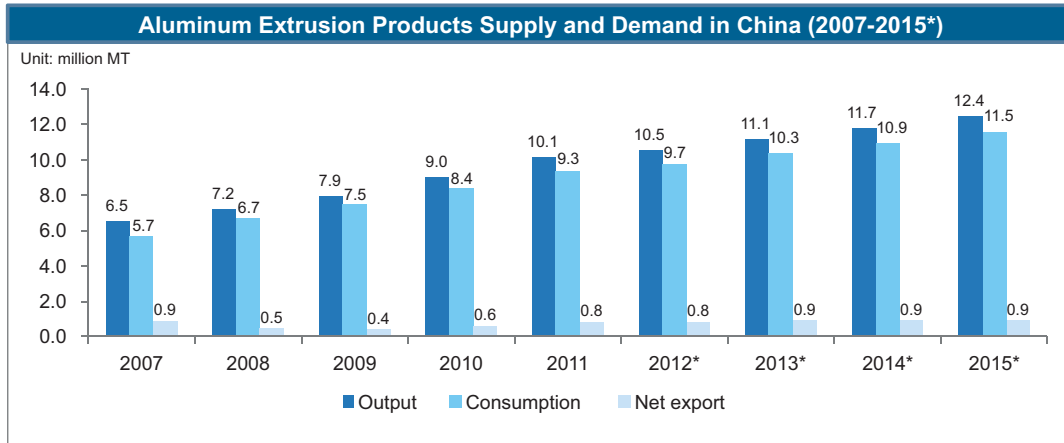
### Aluminum Extrusion Products Industry Overview

With the rapid development of the PRC real estate, construction and other industries driven by urbanization since 2000, the production capacity, scale and technology of the PRC aluminum extrusion industry have made significant progress. Currently, China is the world's number one producer and consumer of aluminum extrusion products in terms of volume.

Benefiting from economic growth in China, the rapid development in the industrial, construction and real estate sectors, aluminum extrusion product output and demand in China have managed to grow despite the global financial crisis. In addition, increased demand from the construction and industrial sectors is partially due to the effects of the Chinese government's economic stimulus policies. Aluminum extrusion product output in China increased to approximately 10.1 million MT in 2011, with a CAGR of 11.7% since 2007. Approximately 92% of the PRC aluminum extrusion product output was consumed domestically due to high demand from the construction and industrial sectors in China, and net exports were only approximately 800,000 MT in 2011.

## INDUSTRY OVERVIEW

ICIS Consulting estimates that the PRC aluminum extrusion product demand will continue to increase to approximately 11.5 million MT in 2015, with a CAGR of 5.4% since 2011, mainly driven by the development of the domestic construction and industrial sectors. China's aluminum extrusion product output is estimated to increase to over 12 million MT with net exports of approximately 900,000 MT in 2015. The chart below sets forth China's historical and forecast aluminum extrusion product consumption and production volumes for the periods indicated:



\* Estimate

Source: China NIA, China Customs, ICIS Consulting

## INDUSTRY OVERVIEW

### PRC Aluminum Extrusion Industry

#### *PRC Aluminum Extrusion Product Consumption*

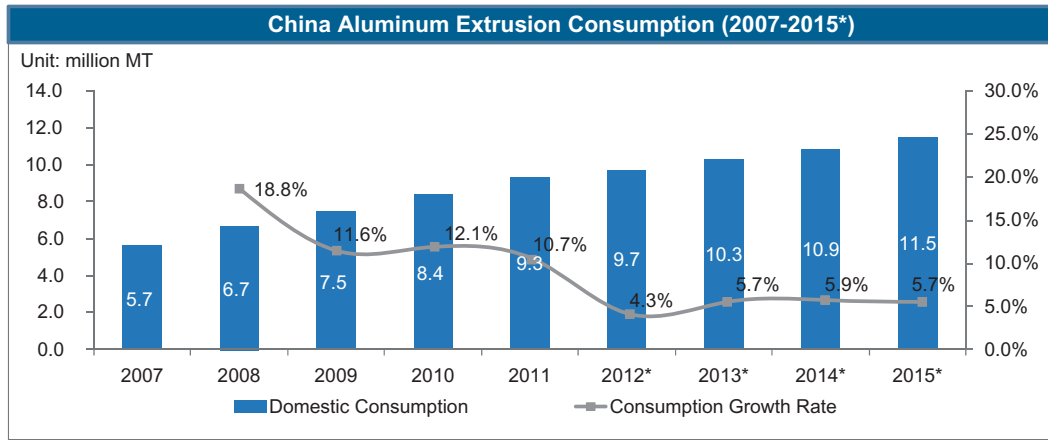
Aluminum extrusion products may be classified as for construction or industrial use. Aluminum extrusion products for construction are mainly used in windows, doors, guardrails and curtain walls for buildings, or as structural components for stadium roofs, airport departure halls, warehouses and similar buildings. Aluminum extrusion products for industrial use are typically used in transportation, machinery and equipment, consumer durable goods, aviation and aerospace, the energy industry, agriculture, military machinery and equipment and other downstream sectors. The following table illustrates major products and their respective classifications:

Applications		Major products
<b>Construction</b>		Window and door frames
		Curtain walls
		Others (guardrails, directional signs, etc.)
<b>Industrial</b>	<b>Transportation</b>	Rail
		High-speed rail
		Metro rail
		Electricity supply lines
		Truck
		Car
		Shipping container parts
		Others (ships, aircraft, etc.)
	<b>Mechanical and electrical equipment</b>	Heat sinks
		Elevators and escalators
Assembly lines		
Solar panel frames		
Others (medical equipment, light boxes, etc.)		
<b>Consumer durable goods</b>	Electric appliance shells	
	Display frames	
	Furniture	
	Others	

China's aluminum extrusion product consumption has increased in tandem with the development of China's construction and industrial sectors. Due to strong downstream development in the first three fiscal quarters of 2008, aluminum extrusion product consumption in China increased by approximately 18.8% from approximately 5.7 million MT in 2007 to approximately 6.7 million MT in 2008. The growth rate decreased to approximately 11.6% in 2009, mainly due to the global financial crisis, which resulted in slower growth of China's construction and industrial sectors. In 2010, due to the recovery of downstream industries, China's aluminum extrusion product consumption increased to 8.4 million MT, with a growth rate of approximately 12.1% against 2009. In 2011, domestic aluminum extrusion demand in the PRC increased to 9.3 million MT, representing a growth rate of 10.7% compared to 2010.

## INDUSTRY OVERVIEW

By 2015, ICIS Consulting estimates that the consumption of aluminum extrusion products in China will increase to more than 11 million MT, with a CAGR of 5.4% from 2011 to 2015, mainly due to slower development of the construction and industrial sectors. The chart below sets out China's aluminum extrusion consumption and annual growth rate for the periods indicated:



\* Estimate  
Source: ICIS Consulting

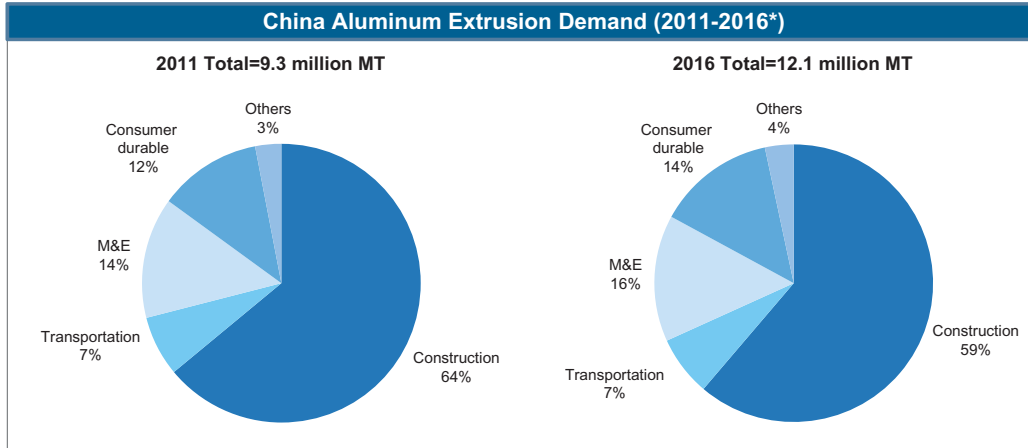
The majority of China's aluminum extrusion products are for construction use, accounting for approximately 64% of total consumption in 2011 based on ICIS Consulting estimates. The other approximately 36% is for industrial use, among which approximately 14% are for mechanical and electrical equipment, approximately 12% are for consumer durable goods and approximately 7% are for the transportation industry.

Compared with developed countries, aluminum extrusion product consumption in the construction sector is relatively high in China. According to CRU, a global mining, metals and fertilizers consulting company, consumption in the construction and real estate sectors in North America only accounted for approximately 41% of total consumption, compared with approximately 64% in China. Meanwhile, the transportation and logistics sectors consume approximately 31% of aluminum extrusion products sold in North America, compared to only approximately 7% in China.

The difference in aluminum extrusion product consumption in China and developed countries reflects the rapid development of China's construction and real estate sectors in the last few years. China's aluminum extrusion product producers have recently increased investment in the industrial sector, which has resulted in changes in the consumption structure of aluminum extrusion products since 2007. The share of aluminum extrusion products consumed by China's industrial sector has increased from approximately 30% in 2007 to approximately 36% in 2011.

## INDUSTRY OVERVIEW

ICIS Consulting estimates that the share of aluminum extrusion products consumed by the Chinese industrial sector will continue to increase to approximately 41% in 2016, with expectations of relatively fast development for the mechanical and electrical equipment and consumer durable goods industries. The charts below sets forth the breakdown of China's aluminum extrusion product consumption in 2011 and expected consumption in 2016:

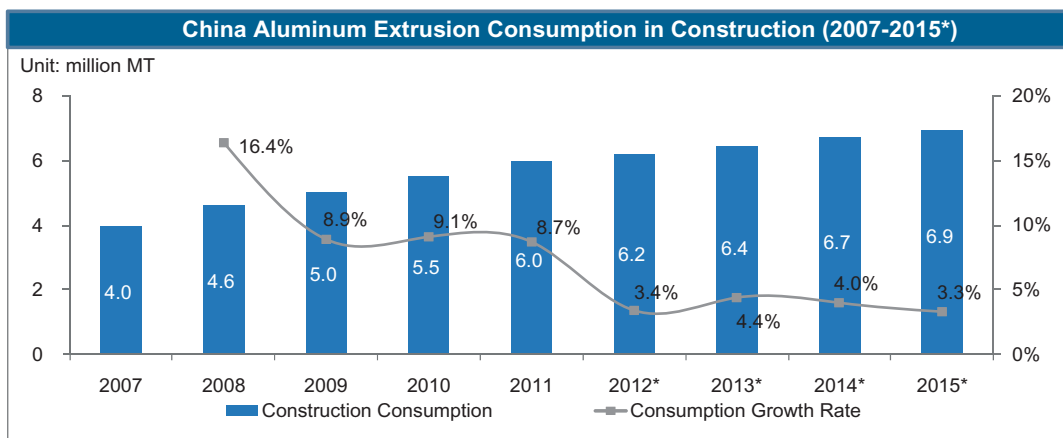


\* Estimate

Source: ICIS Consulting

### Construction Products

Aluminum extrusion products for construction are mainly used in windows, doors, guardrails and curtain walls for buildings, or as structural components for roofs of stadiums, airport terminal halls, warehouses and similar buildings. In addition to aluminum extrusion products, other key raw materials for windows and doors include steel, plastic and wood. Aluminum extrusion products, due to their light weight, corrosion resistance, durability and malleability, are generally considered the preferred raw material for windows and doors. The following chart sets forth China's aluminum alloy extrusion consumption in construction and annual growth rate for the periods indicated:



\* Estimate

Source: ICIS Consulting

Driven by China's property development, consumption of aluminum extrusion products from the construction industry developed quickly prior to 2009. The growth rate reached approximately 16.4% from 2007 to 2008, when the Chinese economy was very strong, prior to the global financial crisis beginning in the third quarter of 2008.



## INDUSTRY OVERVIEW

At the beginning of 2009, the general expectations for China's real estate sector were pessimistic due to the global financial crisis. With the implementation of a real estate stimulus policy by the PRC government, including lowered interest rates, loosened restrictions on second house purchases, decreases in capital reserve ratios and others, China's real estate sector was not severely hit by the global financial crisis compared to many industrialized countries, although the growth rate of China's investment in construction decreased from approximately 23% in 2008 to approximately 16% in 2009, and the growth rate of consumption of aluminum extrusion products for construction applications dropped to approximately 9% as well.

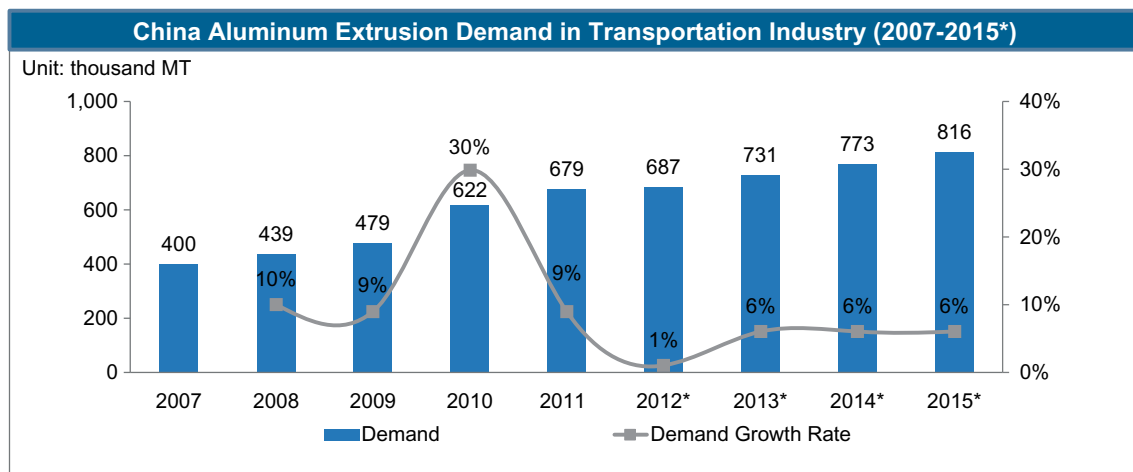
The amount of aluminum extrusion products used for construction applications increased to more than 5 million MT in 2010 with a growth rate of approximately 9.1%. In 2011, the consumption for aluminum extrusion products increased to 6 million MT with a growth rate of approximately 8.7%.

ICIS Consulting estimates that the consumption of aluminum extrusion products for construction applications will keep growing at an annual rate of approximately 3.6% for the next five years, based on the development of China's real estate sector and trends in the application of aluminum extrusion products in construction.

### Industrial Products

#### Transportation

Driven by PRC government policies regarding energy savings and weight reduction, use of aluminum in transportation applications has been growing quickly. Aluminum extrusion products are applied in the automobile, container, rail, bicycle, aircraft, ship-building and other industries. In 2011, consumption of aluminum extrusion products in the transportation sector in China had reached approximately 678,600 MT. The following table shows China's aluminum extrusion demand in the transportation industry and annual growth rate for the periods indicated:



\* Estimate

Source: ICIS Consulting

**Automobile industry.** Aluminum extrusion products in the automobile industry are mainly used for heat-exchange systems, chassis hanging systems, door and window frames, bumpers and others. According to ICIS Consulting, globally, the average aluminum material volume used in a passenger vehicle reached approximately 150kg in 2011. In the PRC domestic automobile industry, average aluminum material use was approximately 127kg per passenger vehicle in 2011, of which aluminum extrusion products accounted for approximately 7% to 8% (10kg). For commercial vehicles, including heavy trucks and large buses, aluminum extrusion product usage reached approximately 100kg per vehicle in China, where it is used for door and window frames, seats, top/bottom beams and others. China has become the largest vehicle producing country in the world. In 2011, PRC vehicle

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## INDUSTRY OVERVIEW

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production reached approximately 18.4 million, amounting to a CAGR of approximately 20% since 2007. In 2011, use of aluminum extrusion products in the PRC automobile industry reached approximately 286,500 MT.

According to China's "Energy Saving and New Energy Vehicle Development Plan (Proposed)" (《節能和新能源汽車發展規劃(草案)》), the PRC automobile industry should focus on improving fuel consumption and reducing vehicle weight. As a result, and given the relatively light weight of aluminum, use of aluminum extrusion products is expected to grow in the next five years. In 2011, the PRC government withdrew its policy of providing subsidies for small vehicles, resulting in slower growth in the number of cars produced by the PRC automobile industry, with growth from 2012 to 2015 estimated to only be approximately 4%. Use of aluminum extrusion products in the PRC automobile industry is expected to reach approximately 309,000 MT in 2015.

*Shipping container industry.* Aluminum containers are mainly used for refrigerated containers and specialty containers in the container industry, typically for inner container floors for refrigerated containers and for hinges and other parts. China produces more than 90% of containers globally, with 117,600 MT of aluminum extrusion products used in the container industry in 2011.

*Rail industry.* Benefitting from significant investments in the rail industry by the PRC government, use of aluminum extrusion products in the PRC rail industry has grown rapidly in recent years. The main applications for aluminum extrusion products include car bodies for high speed trains and urban metro trains; electricity conveying systems; and aluminum freight trains. In 2011, approximately 2,300 high speed rail cars and 2,500 metro cars were manufactured in the PRC, with use of aluminum extrusion products accounting for approximately 22,900 MT and 10,100 MT, respectively.

The PRC Government has implemented plans for a large expansion of its urban metro rail systems and high speed inter-city rail systems. As a result, under the future rail transportation plans of the PRC government, ICIS Consulting forecasts that production of urban metro trains and high-speed trains to continue to enjoy steady growth, resulting in the steady growth of aluminum extrusion products. ICIS Consulting estimates that from 2011 to 2015, a total of approximately 320,600 MT of aluminum extrusion products will be used by the rail industry.

*Bicycles.* Aluminum is widely used for all kinds of metal bicycle parts. Aluminum extrusion products are mainly used for bicycle rims: over 80% of bicycle rims in the PRC are made of aluminum extrusion products. In 2011, the volume of aluminum extrusion products used in the manufacture of bicycles was approximately 72,000 MT. ICIS Consulting expects that aluminum extrusion product consumption in the bicycle industry will grow at an annual rate of at least 3% from 2011 to 2015. In 2015, ICIS expects the volume to reach approximately 82,180 MT.

*Ships.* China has become one of the world's leading ship builders. According to the China Association of the National Shipbuilding Industry, China obtained new orders totaling approximately 36.2 million deadweight tons in 2011. In terms of total orders under construction, China is also number one in the world with total orders of approximately 160 million deadweight tons in 2011. By the end of 2011, China had completed approximately 76.7 million deadweight tons. Aluminum extrusion products are used in ship hulls, bulwarks, gangways and other parts. ICIS Consulting estimates that 68,000 MT of aluminum extrusion products were used in the PRC shipbuilding industry in 2011.

Although exports of some transportation equipment were affected by the global financial crisis, ICIS Consulting expects that, with the recovery of the global economy, consumption of aluminum extrusion products in the transportation sector in the PRC will grow steadily. ICIS Consulting expects that in 2015 the total consumption of aluminum extrusion products in the PRC transportation equipment manufacturing industry will reach approximately 816,000 MT.

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## INDUSTRY OVERVIEW

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### *Mechanical and electrical equipment*

Aluminum extrusion products used in the PRC mechanical and electrical equipment sector have increased significantly in recent years, corresponding to rapid growth in investment in the mechanical and electrical equipment sector. The value of the total output of the PRC electrical equipment manufacturing industry rose significantly from approximately RMB2,402 billion in 2007 to approximately RMB5,024 billion in 2011, representing a CAGR of approximately 20%. In the mechanical and electrical equipment sector, aluminum extrusion products are widely used in heat sinks, assembly lines, casings and other parts for mechanical and electrical instruments and others. Aluminum extrusion product consumption in the manufacture of mechanical and electrical equipment in the PRC is estimated by ICIS Consulting to be approximately 1.3 million MT. Benefiting from the bright prospects of the mechanical and electrical equipment manufacturing industries, ICIS Consulting estimates that the use of aluminum extrusion products for mechanical and electrical equipment in the PRC will reach approximately 1.8 million MT in 2015.

*Heat sinks.* With good heat conductivity and a lower price compared to copper, aluminum has become a major material in the heat sink industry. Industrial heat sinks mainly include electrical appliance heat sinks, LED lighting heat sinks and other electrical equipment heat sinks (such as for motors, frequency converters and others). Aluminum heat sinks are mainly categorized into extrusion heat sinks, casting heat sinks and fin-style heat sinks, of which extrusion heat sinks account for the largest share, though fin-style heat sinks have gained greater market share due to better heat conductivity. The amount of aluminum extrusion products used in the PRC for heat sinks was approximately 253,000 MT in 2011.

*Solar panel frames.* The rapid growth of the PRC solar panel industry has provided an opportunity for aluminum extrusion products, which are used as solar panel frames and support scaffolding. China has the largest production capacity for solar panels. In 2011, the global volume of newly installed solar panels reached 28.0 gigawatts, of which 50% was produced in China. The same year aluminum extrusion products used as solar panel frames totaled approximately 85,900 MT.

Due to the European sovereign debt crisis beginning in 2011, demand for solar panels in Europe fell, causing a sharp fall in the price of solar panels, which in turn reduced exports of solar panels from China to Europe. Though exports to Europe may slow in the near future due to its weak economy, the PRC Government has planned over 20 demonstration solar projects over the next five years which would lead a significant increase in demand for the domestic solar energy market. ICIS Consulting expects that after 2012, the PRC solar panel industry will recover and maintain a growth rate of approximately 10% through 2015. ICIS Consulting expects that with the expected rebound of the PRC solar panel industry, the sector's aluminum extrusion product consumption may increase to approximately 102,900 MT in 2015.

### *Consumer durable goods*

Aluminum extrusion products in the consumer durable goods sector has sharply increased between 2007 and 2011. Aluminum extrusion products are mainly used in manufacturing furniture, home appliances and other consumer durable goods. In 2011, consumption of aluminum extrusion products in the PRC durable goods sector reached 1.1 million MT. Considering the global economic situation, consumer durable goods exports may see slower growth in the near term, though increased domestic demand in the PRC may provide an alternative market for aluminum extrusion products in the consumer durable goods sector. ICIS Consulting estimates that consumption of aluminum extrusion products in the PRC consumer durable goods sector will reach approximately 1.6 million MT in 2015.

*Furniture.* In the PRC furniture sector, aluminum extrusion products are mainly used for metal parts of wood and metal furniture. According to ICIS Consulting interviews with experts from the China National Furniture Association, approximately 5% of the total value of wood furniture is comprised of metal parts. Aluminum extrusion products account for approximately 10% of total metal

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usage. Aluminum extrusion products are mainly used as furniture edging, posts/bars and desk and chair supports. In 2011, the total value of PRC wood and metal furniture output reached approximately RMB314 billion and RMB117 billion, respectively. ICIS Consulting estimates that total use of aluminum in furniture in the PRC was approximately 141,500 MT in 2011.

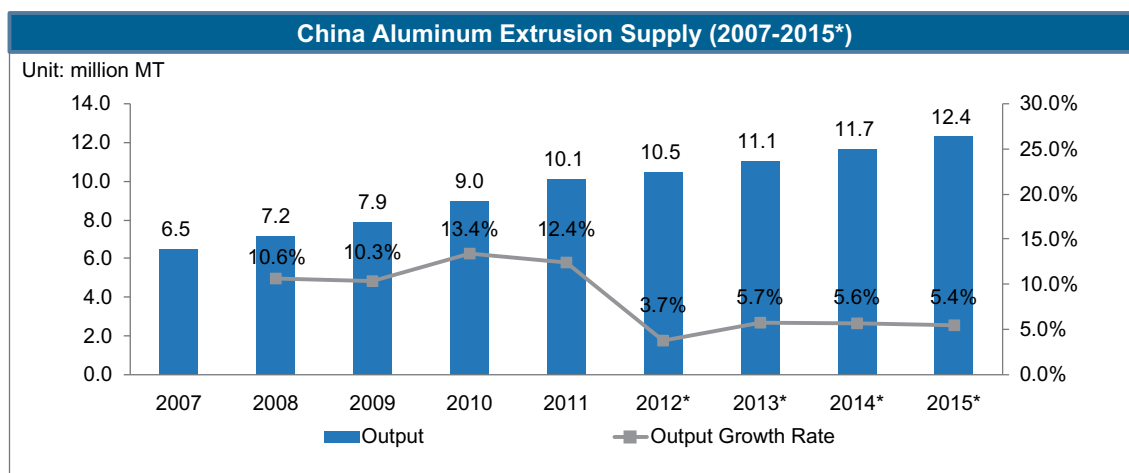
### *Others*

Aluminum extrusion products are widely used in other sectors, including military devices, general semi-processed aluminum extrusion products for use in downstream industries and others. These uses accounted for approximately 278,500 MT of aluminum extrusion products in 2011. This volume is expected to increase at an annual growth rate of 10% and reach approximately 407,800 MT in 2015.

### **PRC Aluminum Extrusion Production**

Because of the development of China's property market and other industries, China's aluminum extrusion product manufacturing capacity has increased significantly to meet demand, with many aluminum extrusion product manufacturers having entered the market or expanded their production capacity. In 2011, following the completion of a large number of expansion projects, total aluminum extrusion product production capacity in China reached approximately 13.5 million MT, an increase of approximately 73% compared to 7.8 million MT in 2007. Along with the rapid increase in demand, actual output of aluminum extrusion products in China increased to approximately 10 million MT in 2011, representing a CAGR of approximately 11.7% since 2007. The aluminum industry has grown steadily recently since 2012, driven by downstream demand. In the first half of 2012, the output of aluminum, aluminum semis and aluminum alloy extrusion in China reached 9.49 million MT, 13.58 million MT and 4.95 million MT, respectively, increasing by 9.77%, 11.29% and 8.8%, respectively, compared with the first half of 2011.

The following table shows China's aluminum extrusion supply and annual growth rate for the periods indicated:



\* Estimate

Source: ICIS Consulting

### *Major PRC Aluminum Extrusion Product Manufacturers*

China's aluminum extrusion product industry is fragmented. Based on statistics from the China Nonferrous Metal Industry Association, there are more than 600 aluminum extrusion product manufacturers in China, among which approximately 85% are small plants focusing on construction products with a production capacity below 10,000 MT per year. Due to the fragmented market, most

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companies have a relatively low market share. Our Company is a mid-sized manufacturer with a production capacity of 80,000 MT per year. Further, our Company does not typically directly compete with traditional aluminum extension companies, as our Company has diversified its product offerings across Electronic Parts, Branded OPLV Products and Construction and Industrial Products.

Most PRC aluminum extrusion product manufacturers have small-scale operations that produce low-end extrusion products based on simple designs. Only approximately 15 aluminum extrusion products manufacturers in China have an annual production capacity of over 150,000 MT.

### *Major China Aluminum Alloy Extrusion Producers in 2011*

Item	Company Name	Province	Production Capacity (2011)	Actual Production (2011)
			(thousands of MT)	
1	Zhongwang Aluminum	Liaoning	640	443
2	Asia Aluminum Holdings Limited	Guangdong	310	280
3	GuangYa Aluminum Co., Ltd.	Guangdong	300	230
4	Guangdong Fenglu Aluminum Industry Co., Ltd.	Guangdong	300	216
5	Shandong Huajian Aluminum Co., Ltd.	Shandong	200	140
6	Guangdong Jianmei Aluminum Profile Factory Co., Ltd.	Guangdong	170	130
7	Taishan Aomei	Shandong	170	108
8	Guangdong Weiye Aluminum Profile Factory Co., Ltd.	Guangdong	200	141
9	Guangdong Huachang Aluminum Profile Factory Co., Ltd.	Guangdong	150	120
10	Guangdong Haomei Aluminum Co., Ltd.	Guangdong	150	110

Sources: public information, ICIS Consulting

According to ICIS Consulting estimates, we are among the top 50 aluminum alloy extrusion producers in China.

The Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim Region are China's major aluminum production regions, among which the Pearl River Delta is the largest aluminum extrusion industry cluster, with more than 200 aluminum extrusion product manufacturers, accounting for approximately 40% of total aluminum extrusion product manufacturing capacity in China.

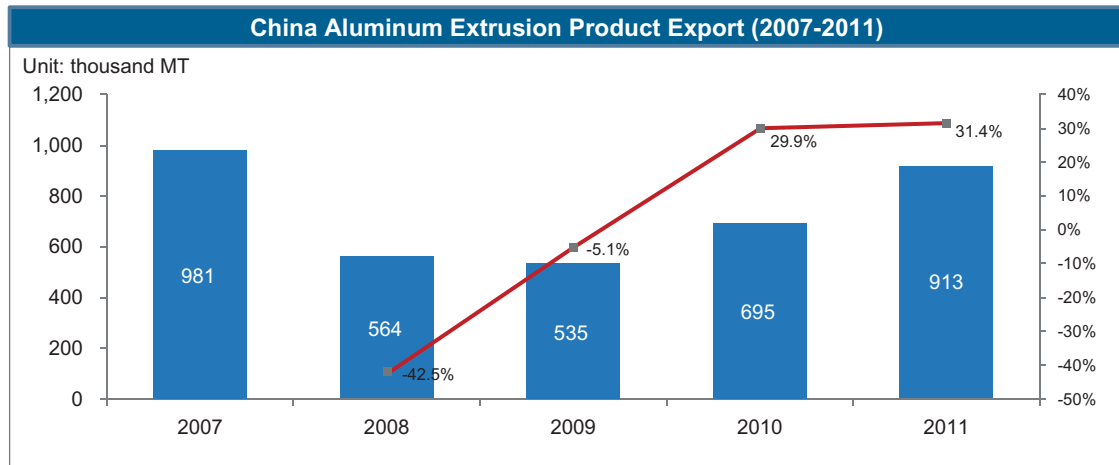
### *Estimated Future Production Capacity Expansion*

According to ICIS Consulting estimates, China's aluminum extrusion product manufacturing capacity increased by approximately 1.5 million MT in 2011, resulting in a total production capacity of approximately 13.5 million MT. In 2012, ICIS Consulting estimates that total aluminum extrusion product manufacturing capacity in China will increase by more than 1 million MT.

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### PRC Exportation of Aluminum Extrusion Products

The following chart shows China's aluminum extrusion product export volume from 2007 to 2011:



Sources: China Customs, ICIS Consulting

According to ICIS Consulting, in 2001, China became an aluminum extrusion product net exporter with net exports of under 10,000 MT. Subsequently, exports of Chinese aluminum extrusion products increased rapidly to more than 980,000 MT in 2007. In 2008, due in part to the global financial crisis, exports of aluminum extrusion products from China decreased significantly to approximately 564,000 MT, a decrease of approximately 42%.

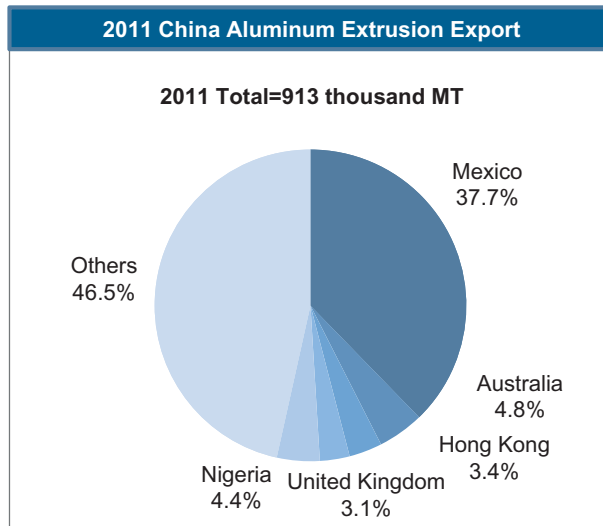
After 2009, with the beginning of the global economic recovery and the implementation by the Chinese government of a stimulus policy to grow exports in June 2009, part of which set the Chinese aluminum extrusion product export tax rebate at 13%, China's aluminum extrusion product exports increased to approximately 695,000 MT in 2010, up by approximately 30% compared to 2009, according to ICIS Consulting. China became the largest aluminum extrusion exporter in the world with total volume of approximately 695,000 MT in 2010, according to ICIS Consulting. In 2011, exports increased to 913,000 MT, an increase of 31.4% compared to 2010.

China's aluminum extrusion product export market is very fragmented with hundreds of exporters participating in the market. Based on statistics from China Customs and the Company, the Company's exports accounted for approximately 4.8%, 6.6% and 5.8% of China's total aluminum extrusion product export market by volume in the Company's financial year of 2010, 2011 and 2012, respectively.

China exports aluminum extrusion products to more than 100 countries, with major destinations including the United States, Australia, Hong Kong, the United Kingdom and Nigeria. These major destinations imported a total of approximately 489,000 MT of Chinese aluminum extrusion products, accounting for approximately 44% of total Chinese aluminum extrusion product exports, in 2011.

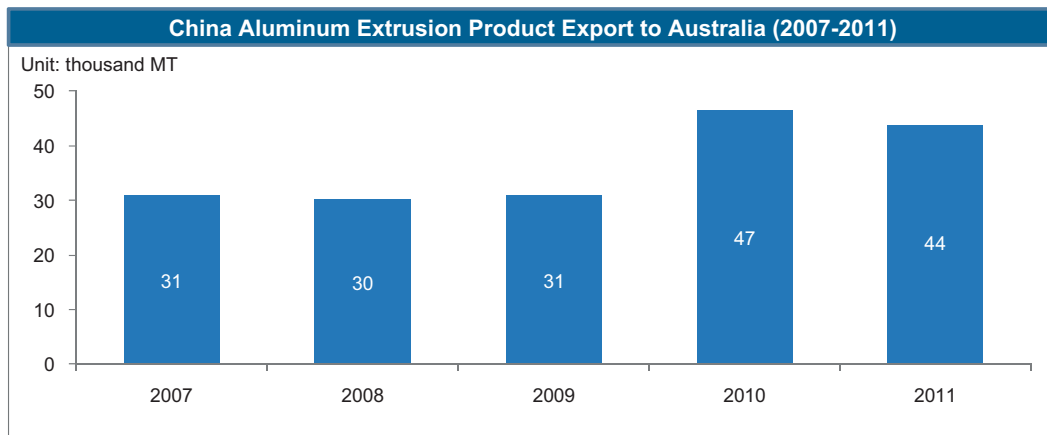
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Mexico is the largest importer of Chinese aluminum extrusion products with a total volume of 344,000 MT in 2011. The following chart shows the breakdown of China's aluminum extrusion exports by country for 2011:



Source: China Customs, ICIS Consulting

Australia is the second largest importer of Chinese aluminum extrusion products. Since 2007, China's aluminum extrusion product exports to Australia have remained stable at approximately 30,000 MT. In 2010, due to increased demand from Australia, Chinese exports of aluminum extrusion products increased to approximately 47,000 MT, an increase of over 50% compared to 2009. In 2011, however, exports to Australia slightly decreased to 44,000 MT due to the confirmed imposition of anti-dumping and countervailing duties by the Australian government in 2010. According to ICIS Consulting, our market share was estimated at approximately 51%, 43% and 55% of Chinese aluminum extrusion product imports to Australia by weight for 2010, 2011 and 2012, respectively. The following chart shows total exports to Australia of Chinese aluminum extrusion products for the years indicated:



Source: China Customs, ICIS Consulting

The demand for aluminum extrusion products in Australia is strongly driven by the construction and industrial sectors. The Australian construction and industrial sectors have recently encountered challenging conditions with subdued demand and rising input costs, exacerbated by a high Australian dollar and negative consumer sentiment, according to ICIS Consulting. Despite these headwinds, according to the Australian Bureau of Statistics, the construction sector has achieved a year-on-year

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growth of 3.1% in the second quarter of 2012, which is lower than the 4.0% growth rate in the second quarter of 2011 but on par with the 3.1% growth rate in the first quarter of 2012. A primary reason for the continued growth during the second quarter of 2012 was the relatively robust activity in the engineering construction sector, which includes construction works in the transport and utilities infrastructure sectors as well as the commodities sectors. Notwithstanding the second quarter performance, the real growth of the overall Australian construction sector is expected to slow down to 2.1% for the full year 2012, as estimated by ICIS Consulting, from 6.2% in 2011. Negative performance has affected the housing sector, and is expected to dampen construction and industrial activity in the second half of 2012. ICIS Consulting predicts that the construction sector could see a 3.0% real growth in 2013, primarily due to interest rate cuts by the Reserve Bank of Australia, residential building recovery and commodities demand recovery. Aluminum extrusion demand is expected to benefit from the growth of construction industry.

In recent years, certain countries have initiated anti-dumping and countervailing investigations of Chinese aluminum extrusion products to protect domestic industry. In 2011, the United States government set higher anti-dumping and countervailing duty rates for Chinese aluminum extrusion products, which are expected to cause exports of Chinese aluminum extrusion products to the United States to decrease significantly. The following table shows the details for anti-dumping and countervailing policies in Australia, Canada and the United States for imports of Chinese aluminum extrusion products as of January 2012:

Country	Investigation	Investigation Date	Preliminary Decision Date	Preliminary Decision Duty Rate	Final Decision Date	Final Decision Duty Rate
United States	Anti-dumping	April 20, 2010	October 27, 2010	6.18-137.65%	March 28, 2011	32.79%-33.28%
	Countervailing	April 20, 2010	August 30, 2010	137.65% (One company) 6.18-10.37% (Others)	March 28, 2011	8.02%-374.15%
Australia	Anti-dumping & Countervailing	June 24, 2009	November 6, 2009	16%	October 28, 2010	6.9%-16.2% (31 companies) 44.1% (Others)
Canada	Anti-dumping & Countervailing	August 18, 2008	November 17, 2008	37.09-43.43%	February 16, 2009	1.7%-42.4%

Sources: Public information, ICIS Consulting

Although these anti-dumping and countervailing investigations have in some instances resulted in higher duty rates for Chinese aluminum extrusion products in certain countries and affected exports to these countries (especially the United States), Chinese exports of aluminum extrusion products still increased by more than 218,000 MT in 2011, having increased by approximately 31% compared with 2010, mainly due to significant increases in demand from other countries, such as Mexico. With the increase in demand from these countries driven by development of downstream industries, ICIS Consulting estimates that exports of Chinese aluminum extrusion products will continue to increase.

### **Aluminum Pricing Mechanisms and Pricing Outlook**

#### *Pricing Mechanism*

The traditional pricing mechanism of aluminum extrusion products is on a so-called “cost-plus” basis measured by weight, comprising the price of aluminum per kilogram at prevailing benchmark rates and a negotiated per kilogram processing fee. This pricing mechanism is an international practice in the aluminum extrusion industry and is used to avoid the risk of rapid raw material cost changes, which are typically triggered by significant fluctuations in the prices of aluminum raw materials.



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Aluminum extrusion market participants purchase aluminum from the spot market. The benchmark prices are the Changjiang spot market price in East China and the Nanchu spot market price in South China.

Processing fees differ depending on the application, size, processing requirements, brand and quality, among other factors. Generally, aluminum extrusion products for industrial applications enjoy higher processing fees due to the high technical requirements and lower competition compared with construction applications, especially with regard to transportation applications. Accordingly, the processing fees for industrial application producers generally enjoy a higher profit margin, leaving them less susceptible to spot market price fluctuations. Processing fees for construction applications enjoy lower profit margins and are more susceptible to spot market price fluctuations.

### *Raw Material Cost*

The following chart shows monthly spot prices of aluminum in China for the periods indicated:

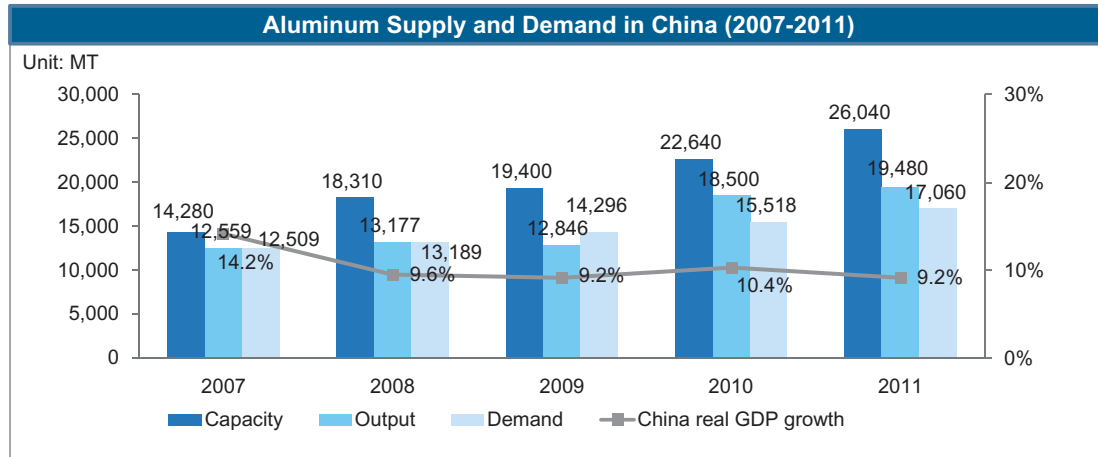


Source: ICIS Consulting

Commodity prices are mainly influenced by market participants' forecasts, which are driven by supply and demand, as well as the overall macroeconomic environment. The price of aluminum, as an international commodity which is widely traded, fluctuates significantly. The behavior of investors, traders and end users in the futures market all have a large impact on the futures prices of aluminum. The spot market is usually strongly aligned with the futures market.

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Because the commodity futures market is sensitive to GDP expectations, GDP expectations are a meaningful indicator for aluminum futures prices, which in turn serve as indicators for the spot market price. Additionally, supply and demand are also important factors affecting the aluminum spot market price. The following table illustrates China's aluminum capacity, output and demand volume and their respective annual growth and China's and the world's GDP growth for the periods indicated:



Source: ICIS Consulting

As a result of its forecasts predicting continued growth of China's GDP, ICIS Consulting forecasts that aluminum demand will continue to increase accordingly, as aluminum is a major raw material used by various industries. By analyzing China's GDP and aluminum supply and demand in China, ICIS Consulting forecasts that the price of aluminum will increase from an estimated RMB16,872 per MT in 2011 to approximately RMB21,324 per MT in 2015. ICIS Consulting forecasts that in 2013, aluminum prices will recover to their historical highs of 2007. ICIS Consulting also expects that the period of rapid production capacity expansion period has ended. Whether certain production capacity expansion plans for 2012 will be delayed depends on expectations of future demand.

### *Processing Fee and Forecast*

Processing fees for industrial applications are typically higher compared to other applications because of the greater value added for industrial processing, as well as having a generally higher profit margin than for other applications. Higher profit margins provide significant protection from market price fluctuations. Processing fees for construction applications generally have a lower profit margin, and as a result are more susceptible to market price fluctuations. In the past three years, processing fees have decreased due to a shrinking export market.

The market for aluminum extrusion products for construction applications is too competitive to provide large profit margins. Furthermore, the demand growth for aluminum extrusion products for construction applications is forecast by ICIS Consulting to stabilize at approximately 4% annually from 2011 to 2015. ICIS Consulting estimates that processing fees for construction applications are likely to increase by RMB100 per year through 2015, with an annual growth rate of approximately 1%. ICIS Consulting forecasts that, in the long term, aluminum extrusion product manufacturers will be subject to consolidation through mergers and acquisitions and the elimination of outdated production capacity, which it believes will cause processing fees for construction applications to increase.

Aluminum extrusion products for industrial applications are generally more profitable than for other segments. Although more new participants are entering the market and production capacity continues to expand, high technical barriers and strong downstream demand, forecasted by ICIS Consulting to grow by at least 10% annually, is expected to support continued growth in processing

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fees for industrial applications. ICIS Consulting estimates that processing fees for industrial applications will grow by approximately 3% annually from 2012 to 2015.

After the recovery of processing fees for both construction and industrial applications in 2009 and 2010 following the global financial crisis, the processing fees for both applications are estimated to have remained stable in 2011. The continued processing fee stability is a result of continued production capacity increases in 2010, which ICIS Consulting believes to have increased competition and further restrained any increase in processing fees in 2011. After 2011, ICIS Consulting forecasts an economic recovery which would drive increased demand for aluminum extrusion products. Additionally, recent delays in production capacity expansion plans are a signal of entering a more tempered period of production capacity expansion. ICIS Consulting believes that aluminum extrusion product supply and demand will continue to become more balanced, which it expects to drive continued moderate increases in processing fees.

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### **Overview of PRC Regulations**

Our operating subsidiaries in the PRC are mainly engaged in the production and sale of aluminum products. A summary of important provisions of the relevant PRC laws and regulations governing enterprises in the aluminum products industry is set out below.

### ***Foreign Investment in the Aluminum Products Industry***

On February 11, 2002, the State Council promulgated the Provisions on Guiding Foreign Investment (《指導外商投資方向規定》), or the Foreign Investment Provisions. According to the Foreign Investment Provisions, all foreign investment projects are classified into four categories: “encouraged” projects, “permitted” projects, “restricted” projects and “prohibited” projects. Foreign investment projects belonging to all categories except “permitted” projects are listed in the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》), or the Foreign Investment Catalog.

On October 31, 2007, the NDRC and MOFCOM jointly promulgated a revised version of the Foreign Investment Catalog (2007 version), which came into force on December 1, 2007 and was replaced by the current version (2011 version) issued on December 24, 2011. According to the 2007 and 2011 versions of the Foreign Investment Catalog, the manufacture of high-tech non-ferrous metal materials, including specialty large-scale aluminum alloy extrusion products and precision parts forged with aluminum alloys, is an “encouraged” foreign investment project. The production of ordinary aluminum extrusion products is a “permitted” foreign investment project.

The Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), or the WFOE Law, was issued on April 12, 1986 and revised on October 31, 2000. In accordance with the WFOE Law, a wholly foreign-owned enterprise, or WFOE, must apply for approval of its establishment from the relevant foreign trade and economic cooperation authority or other competent authorities which handle the examination and approval of any subsequent division, merger or other important changes to the WFOE. The above establishment of and changes to the WFOE must also be registered with the relevant administration of industry and commerce. Foreign investors in a WFOE may remit abroad profit lawfully earned from the WFOE and other lawful income and funds obtained following liquidation of the WFOE.

### ***Industry Entry Regulations***

The Regulations on the Conditions for Entry into the Aluminum Industry (《鋁行業准入條件》), or the Industry Entry Regulations, were promulgated by the NDRC and came into force on October 29, 2007. The Industry Entry Regulations apply to all manufacturing enterprises engaged in bauxite mining, aluminum smelting and processing industries in the PRC. The Industry Entry Regulations specify certain conditions that must be satisfied by any manufacturing enterprise intending to enter the above industries, including, among others, conditions concerning the enterprise’s location, scale, product mix and external condition requirements, processing techniques and equipment, consumption and use of energy and resources, environmental protection, production safety and others.

According to the Industry Entry Regulations, newly established aluminum-processing projects must mainly engage in the production of aluminum plates, aluminum billets, aluminum foil, extruded aluminum or industrial profiles. The production capacity of multiple product aluminum-processing projects must be 100,000 MT or more per year. The production capacity of single product aluminum-processing projects must reach the following amounts: 50,000 MT per year for the production of aluminum plates and billets, 30,000 MT per year for the production of aluminum foil and 50,000 MT per year for the production of extruded aluminum. The Industry Entry Regulations also require that newly established aluminum-processing projects use continuous processing techniques such as continuous roll-casting and hot rolling, which are more efficient and automated, utilize advanced

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technology and result in higher product quality and comprehensive yield rates. The use of certain low-quality rolling machine techniques are strictly prohibited in production and processing. The Industry Entry Regulations also set out specific quantitative requirements for newly established and existing aluminum-processing projects in terms of coal, electricity and metal consumption and finished product rate.

### ***Production Licenses for Industrial Products***

The PRC Administrative Regulations on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), or the Production License Regulation, which were promulgated by the State Council on July 9, 2005 and came into effect on September 1, 2005, the Implementing Measures for the Production License Regulations (《中華人民共和國工業產品生產許可證管理條例實施辦法》), the Implementation Rules of the Production Licenses for Aluminum and Titanium Alloy Processing Products (2011 version) (《鋁、鈦合金加工產品生產許可證實施細則(2011)》) and other relevant regulations establish a production licensing system for enterprises engaged in the manufacture of important industrial products, including aluminum alloy profiles used in construction. These regulations govern the production, sale and use in the course of business of products listed in the Catalog of Industrial Products (《國家實行生產許可證制度的工業產品目錄》), or the Industrial Products Catalog. Any enterprise that has not obtained a production license for a product listed in the Industrial Products Catalog is prohibited from producing that product. Additionally, no entity or individual may sell or use in the course of business any product listed in the Industrial Products Catalog for which a production license has not been granted. The manufacturing enterprise shall label its production license mark and serial number on its products or the packaging and specifications thereof. No enterprise that has obtained a production license may lease, lend or transfer in another form its production license, or the symbol or serial number of its production license. Any enterprise without a production license to manufacture a product listed in the Catalog of Industrial Products may commission another enterprise with such production license to manufacture, provided that registration has been filed with the provincial quality and technology supervisory authority or its local branch.

Except for the food processing industry, a production license is valid for five years. When an enterprise seeks to continue producing a product listed in the Industrial Products Catalog, it must apply to the relevant quality and technology supervisory authority at the provincial level six months prior to the expiration of the production license. During the validity period of the production license, if there is a significant change in the production conditions, testing methods, production technology or production processes (including a change of the production premises, significant technological changes in production lines and others), the enterprise must apply to the relevant quality and technology supervisory authority at the provincial level and be subject to a new round of examination and inspection.

If an enterprise produces, sells or uses in the course of business any product listed in the Industrial Products Catalog without a production license, the relevant quality and technology supervisory authorities may order the enterprise to stop production, have the products and any illegal gains confiscated, fine the enterprise or impose other penalties. Any enterprise that has a production license revoked may not apply for a new production license for the same product listed in the Industrial Products Catalog within three years.

### ***Production Standardization***

The Standardization Law of the PRC (《中華人民共和國標準化法》), or the Standardization Law, came into effect on April 1, 1989, and its implementation regulations were promulgated on April 6, 1990. According to the Standardization Law, products that fail to meet mandatory standards are prohibited from being manufactured, sold or imported. Standards imposed to safeguard human health and safety and to ensure the safety of property, as well as those legally prescribed as mandatory are mandatory standards, while any others are voluntary standards. Local standards

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formulated by the standardization administrative departments of provinces, autonomous regions and municipalities for the safety and sanitary requirements of industrial products are mandatory standards within their respective administrative areas. The PRC government encourages, but does not mandate, the adoption of voluntary standards by enterprises. Standard GB5237-2008 (Aluminum Alloy Profiles for Construction (鋁合金建築型材)), which came into force on September 1, 2009, is a mandatory national production standard set by the Standardization Administration of China, a standards organization authorized by the State Council. Standard GB5237-2008 sets out the mandatory regulations related to the basic materials, surface processing and thermal conductivity of aluminum alloy profiles used in construction, and prohibits the production and sale of products that fall short of the mandatory standard.

### ***Environmental Protection***

The laws and regulations governing environmental protection in the PRC include, among others, the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國環境噪聲污染防治法》), the Law of the PRC on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法等》), the Law of the PRC on the Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Administrative Regulation on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and the Administrative Measures on the Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收管理辦法》). The Ministry of Environmental Protection of the PRC (formerly the State Environmental Protection Administration of the PRC) (中華人民共和國環境保護部 (原國家環境保護總局)) is tasked with establishing the national environmental quality standards, and local provincial and municipal governments may establish local environmental quality standards for items not specified in the national standards. Enterprises must register with the competent environmental protection authorities for discharging pollutants, and enterprises that discharge pollutants in excess of the prescribed national or local standards must pay a fee for excessive discharge and assume responsibility for eliminating and controlling the pollution.

Violation of these laws, rules or regulations may result in the imposition of fines and penalties, the suspension of operations, an order to cease operations, or even criminal liability in severe cases. Furthermore, enterprises may not commence a construction project unless the environmental impact statement of the project has been approved by the relevant authorities and unless facilities to prevent and control pollution are installed to comply with relevant environmental standards. Facilities for pollution prevention and control must be designed, built and commissioned together with the principal part of the construction project. The relevant authorities will not grant permission for a construction project to be commissioned or used until the project's pollution prevention and control facilities have been examined and meet the standards set by the competent department of the environmental protection administration that examined and approved the environmental impact statement. If a construction project is commissioned or delivered into use without completed facilities for pollution prevention and control or such facilities fail to meet relevant environmental requirements, the competent environmental protection administration responsible for the approval of the environmental impact statement for the construction project must order the suspension of operations or use, and may concurrently impose a fine.

### ***Work Safety***

The PRC Work Safety Law (《中華人民共和國安全生產法》), or the Work Safety Law, was promulgated on June 29, 2002, came into effect on November 1, 2002 and was revised on August 27, 2009. Pursuant to the Work Safety Law, the production and business operation entities must be equipped for safe production as provided in laws, administrative regulations, national standards and industry standards. Any entity that is not equipped for safe production may not engage in any production and business operation activities. Manufacturers must establish and strengthen a sound

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work safety responsibility system and improve work conditions to ensure work safety. The general requirements include, among others, (i) production safety education and training programs to ensure that employees have the necessary knowledge of production safety; (ii) special training and certifications for workers with certain job functions; (iii) prominent warning signs at relevant dangerous operation sites, facilities and equipment; (iv) safety equipment that conforms with national or industrial standards, as well as periodic maintenance and testing of the equipment to ensure proper functioning; (v) inspection and testing of dangerous or hazardous equipment, containers and vehicles by qualified testing institutions; (vi) use of technology and equipment that does not endanger work safety and has not been expressly prohibited by the PRC government; and (vii) timely measures to effectively organize rescues, mitigate disasters and submit accurate reports to the relevant local department after a production accident occurs.

Violations of the PRC Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases.

### ***Taxation***

#### *Enterprise Income Tax*

According to the EIT Law, the income tax rate for both domestic and foreign-invested enterprises is 25%, and the existing tax exemptions, reductions and preferential treatment which had been enjoyed by foreign-invested enterprises were abolished unless otherwise specified.

Pursuant to the EIT Law, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and subject to the uniform 25% EIT rate for their global income.

Pursuant to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (《國務院關於實施企業所得稅過渡優惠政策的通知》), which was promulgated on December 26, 2007 and became effective on January 1, 2008, the preferential tax rate enjoyed by foreign-invested and domestic enterprises established prior to the promulgation of the EIT Law pursuant to the then-current tax laws and administrative regulations will be granted a transitional period. An enterprise subject to an applicable enterprise income tax rate lower than 25% before the EIT Law became effective will have its tax rate gradually increased to the statutory tax rate within a transitional period of five years from the effective date of the EIT Law. As of January 1, 2008, enterprises that previously enjoyed the two-year EIT exemption followed by three years at 50% of the standard EIT rate or the five-year EIT exemption followed by five years at 50% of the standard EIT rate tax holidays and other preferential treatment in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments for the time period prescribed in the former tax law and other regulations until the expiration of the said time period.

#### *VAT and Export VAT Refund*

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which were promulgated on December 13, 1993 and amended on November 10, 2008 and its implementation rules, entities or individuals in the PRC engaged in the sale of goods, provision of specific services and importation of goods are required to pay a VAT, on the value added during the course of the sale of goods or provision of services. Unless otherwise specified, the applicable VAT rate for the sale or importation of goods and provision of processing, repair and maintenance services is 17%.

According to several notices promulgated by the Ministry of Finance of PRC and other relevant PRC central government departments in 2006 and 2007 relating to the adjustment of tax rebates for exported products, such as the Notice on Adjusting the Tax Refund Rates of Certain Commodities

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and Supplementing the Catalog of Prohibited Commodities in Contract Processing Arrangement (Caishui[2006] NO.139) (財稅 [2006] 139 號《關於調整部分商品出口退稅率和增補加工貿易禁止類商品目錄的通知》), the Notice on Reducing the Export Rebate Rates for Some Commodities (Caishui [2007] No.90) and its Supplementary Notice (Caishui [2007] No.97) (財稅 [2007] 90 號《關於調低部分商品出口退稅率的通知》及其補充通知財稅 [2007] 97 號), the PRC government gradually reduced and in some cases discontinued VAT refunds on the export of some low value-added aluminum products (such as un-forged aluminum, non-alloy aluminum profiles and some aluminum alloy profiles).

### *Withholding Tax on Dividends*

According to the EIT Law, PRC-resident enterprises are levied a withholding tax of 10% on dividends to their non-PRC-resident corporate investors for profits earned since January 1, 2008. However, under the Arrangement between the Mainland and the Hong Kong SAR for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), a qualified Hong Kong company is liable for withholding tax at a rate of 5% for dividend income derived from the PRC if the Hong Kong company is a “beneficial owner” and holds at least a 25% equity interest in the PRC company directly.

### **Labor and Social Insurance**

According to the PRC Labor Law (《中華人民共和國勞動法》) promulgated on January 1, 1995, workers are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》) was promulgated on June 29, 2007 and came into effect on January 1, 2008, and its implementation regulations were implemented on September 18, 2008. According to the Labor Contract Law, labor contracts must be executed in writing to establish labor relationships between employers and employees. Employees who fulfill certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a permanent labor contract. Wages paid by employers may not be lower than the local minimum wage. Both employers and employees must perform their respective obligations stipulated in the labor contracts. Where workers are provided by a staffing company, the staffing company is the employer and performs the legal obligations of an employer toward the dispatched workers, including, among others, entering into a labor contract with a fixed term of more than two years with the workers and paying remuneration for their labor. The staffing company must conclude a labor dispatch agreement with the entities that receive labor services. In the event of a violation of any legal provisions of the Labor Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labor administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties. An entity receiving workers from a staffing company may be held jointly and severally liable together with the staffing company in case harm is done to workers as a result of the staffing company’s violation of the Labor Contract Law.

The PRC Employment Promotion Law (《中華人民共和國就業促進法》), which became effective on January 1, 2008, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated on October 28, 2010, which became effective on July 1, 2011, employers in the PRC must register with



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the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) effective on April 3, 1999, as amended on March 24, 2002, companies must register with the local housing fund management center and establish a special housing fund account with an entrusted bank. Employers are also required to make adequate contributions of no less than 5% of each employee's average monthly salary in the previous year to the housing fund for their employees on a timely basis.

### ***Foreign Exchange Control***

The principal regulation governing foreign currency exchange in the PRC is the Regulation on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was promulgated on January 29, 1996 and came into effect on April 1, 1996, and subsequently amended on January 14, 1997 and August 5, 2008. The Regulation on Foreign Exchange Control classifies all international payments and transfers into current account items and capital account items. According to the Regulation on Foreign Exchange Control, foreign currency payments under current account items by domestic institutions, including payments for imports and exports of goods and services and payments of income and current transfers into and outside the PRC must be either paid with their own foreign currency with valid documentation or with the foreign currency purchased from any financial institution engaged in foreign currency sale and settlement, in accordance with the administrative provisions on payment and purchase of foreign currency promulgated by SAFE. Foreign currency income accounted for under current account items may be retained or sold to financial institutions engaged in foreign currency sale and settlement in accordance with the relevant PRC laws and regulations. Foreign currency payments under capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans, and must, in accordance with the SAFE regulations relating to foreign currency payments and purchases, be made out of a domestic institution's own foreign currency with valid documentation or be made with foreign currency purchased from any financial institution engaged in foreign currency sale and settlement. For foreign-invested enterprises wound up in accordance with the law, funds denominated in Renminbi that belong to a foreign investor after liquidation and after payment of tax may be used to purchase foreign currency from any financial institution engaged in foreign exchange sale and settlement in order to remit the foreign currency outside of China.

On August 29, 2008, the General Affairs Department of SAFE issued the Notice with Regard to the Issues of Administration of Settlement of Foreign Currency Capital of Foreign Investment Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》). This notice further regulates the administration of settlement of foreign currency capital of foreign investment enterprises within the PRC. According to the notice, the capital of a foreign investment enterprise converted from foreign currency and settled in Renminbi may not be used for equity investment within the PRC, but may only be used for purposes as approved by the authorities in

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charge of the foreign investment. The use of such Renminbi capital may not be changed without SAFE's approval and may not in any case be used to repay Renminbi-denominated loans if the proceeds of such loans have not been used. In addition, any transfer of funds for the sake of equity investment in the PRC by foreign-invested enterprises approved by MOFCOM must first undergo examination and be approved by SAFE or its local branches. Any profits obtained by PRC entities or individuals through the sale of equities or interests in PRC enterprises to foreign investors must be conducted through an account reserved exclusively for foreign exchange. The opening of such account and any related transfer of funds must undergo examination and be approved by the local branches of SAFE as provided by the relevant regulations.

### ***Dividend Distribution***

The laws and regulations governing the distribution of dividends by foreign-invested enterprises in the PRC include the Companies Law of the PRC (《中華人民共和國公司法》), as amended on October 27, 2005, the WFOE Law promulgated on October 31, 2000 and its implementation rules promulgated on April 12, 2001, the Equity Joint Venture Law issued on March 15, 2001 and its implementation rules amended on July 22, 2001 and the Cooperative Joint Venture Law issued on October 31, 2000 and its implementation rules promulgated on September 4, 1995.

Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. After making up for any deficit in prior years pursuant to the PRC laws, a foreign-invested enterprise in the PRC is required to set aside each year as general reserves at least 10% of its after-tax profit, determined in accordance with PRC accounting standards and regulations, until the cumulative amount of such reserves reaches 50% of the enterprise's registered capital. These reserves are not distributable as cash dividends. A foreign invested enterprise that is in deficit or liquidation may not distribute dividends.

### **Overview of Macau Regulations**

Our operating subsidiary in Macau, OPAL Macao, engages in offshore trading of aluminum products and is regulated as a commercial offshore company in Macau.

### ***Commercial Offshore Company Regulations***

Commercial offshore companies in Macau are regulated by Decree-Law no. 58/99/M, or the Macau Offshore Law, which governs the establishment requirements, licensing process and activities of commercial offshore services in Macau; the Commercial Code, approved by Decree-Law no. 40/99/M; Order no. 236/GM/99, as amended by Chief Executive Dispatch no. 205/2005, which lists permitted commercial activities; and Order 237/GM/99, which provides the setting up and operational tariffs for commercial offshore companies.

Under the Macau Offshore Law, save for whatever is essential for the operations of the offshore company, including the office premises, a commercial offshore company may not buy or rent properties located in Macau, act as a guarantor in any kind of guarantee in the name of a Macau resident or conduct any operations in Macau patacas or engage in any kind of banking or insurance operations. A commercial offshore company may only carry on its activities in a single location, and may not open any branches.

### ***Taxation***

Pursuant to Section 12 of the Macau Offshore Law, Macau offshore companies benefit from: (i) an exemption from income tax when the income is generated through offshore business; (ii) an exemption from industrial tax; and (iii) an exemption from stamp duties on: (a) insurance policies concerning offshore risks; (b) contracts with entities not domiciled in Macau, as a result of engaging in offshore business; and (c) the incorporation of and capital increase to offshore companies.

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### ***Dividend Restrictions***

The payment of dividends by a Macau-based company is governed by the Macau Commercial Code, under which dividends can only be paid to its shareholders out of profit. If there are losses from the previous year, the profit of the current accounting year cannot be distributed without first covering such losses, and then accumulating or replenishing any compulsory reserves that cannot be distributed to shareholders.

The distribution of profits must be decided by a shareholders' resolution, with the restriction that no less than 25% of the profit of the current accounting year must be retained by the company as a legal reserve until the legal reserve reaches an amount equal to half of the total registered share capital.

Dividends payable by a Macau-based company are subject to income tax at a rate of up to 12% for amounts over MOP300,000.

### **Tariff Rules of Australian Customs**

Import tariffs are imposed on goods imported into Australia, and Australian Customs may refuse to release imported goods until customs duties, including any anti-dumping and countervailing duties, have been paid. In effect, the duty is paid by the party seeking to clear the goods, which is typically the importer or its customs broker. Additionally, Australian Customs has no legal power to seek an import duty from a foreign exporter because it has no jurisdiction outside Australia.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### General

Our Company was incorporated in the Cayman Islands on October 7, 2005 and, as part of the Reorganization, became the holding company of our various subsidiaries. Further details of our corporate structure and Reorganization are set out under the paragraph headed “Our Reorganization” below.

### History

Our history can be traced back to 1997 when Mr. Marcus Pan and his family members began to engage in the trading of aluminum products. Since then, we have expanded and diversified our business. We are now one of the Foxconn Companies’ major suppliers of aluminum parts, most notably with respect to the popular consumer electronic products they assemble for a leading global consumer electronics designer. Set out below are the key milestones:

- 1998
  - PanAsia Aluminium entered into an agreement with Zengcheng Aluminum Alloys for the formation of a joint venture, PanAsia Aluminum (China), in respect of the establishment of an aluminum products manufacturing plant to ensure a stable supply of aluminum products to our Group. PanAsia Aluminum (China) was owned as to 51% by PanAsia Aluminium and 49% by Zengcheng Aluminum Alloys.
- 1999
  - PanAsia Aluminum (China) received ISO 9001:2000 and ISO 9001:2008 certifications for its quality management system standard applicable to manufacture of aluminum alloy extrusions from Hong Kong Quality Assurance Agency (“HKQAA”).
- 2000
  - We acquired PanAsia Trading and incorporated PanAsia Aluminium (HK) to further expand our sales in Hong Kong.
  - We began our business relations with the Foxconn Companies.
- 2003
  - PanAsia Aluminium acquired all the equity interest in PanAsia Aluminum (China) from Zengcheng Aluminum Alloys, and PanAsia Aluminum (China) was converted into a wholly foreign owned enterprise.
  - We were awarded the “Certificate of Product Quality” by China Certification Committee for Quality Marks.
- 2004
  - We acquired an additional parcel of land of approximately 80,158 square meters adjacent to our then existing aluminum products manufacturing plant to further expand our factory and production capacity.
  - We were included on the approved list of aluminum extrusion products manufacturers of Det Norske Veritas (“Det Norske Veritas”), one of the world’s leading classification societies.
- 2005
  - We set up OPAL Macao to engage in offshore trading of aluminum products.
  - PanAsia Aluminum (China) received ISO 9001:2000 and ISO 9001:2008 certifications for its quality management system for the manufacture of aluminum alloy extrusions from The International Certification Network (“IQNet”), the largest provider of management system certifications in the world, and HKQAA.
- 2008
  - We began to manufacture mid- to high-end integrated aluminum door and window systems under the “OPLV (澳普利發)” brand, or our Branded OPLV Products, and since then, have developed a broad distribution network for our Branded OPLV Products across China.

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- 2008
- PanAsia Aluminum (China) received ISO 9001:2008 certification for its quality management system standard applicable to manufacture of aluminum alloy extrusions from HKQAA.
- 2009
- We began to supply aluminum parts to the Foxconn Companies for their assembly of popular consumer electronic products for a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis.
  - PanAsia Aluminum (China) was certified as an approved manufacturer of wrought aluminum alloys by Det Norske Veritas.
  - We entered into a cooperation agreement with the China Space Foundation (中國航天基金會), the only charitable organization for the space sector in China authorized by the Chinese government. As part of our marketing and brand building strategies, we sponsored the China Space Foundation and became a “China space program partner (中國航天事業合作夥伴)” and “China space program sponsor (中國航天事業贊助商),” and our Branded OPLV Products and some of our other products sold in China became the “exclusive products for China space (中國航天專用產品)” in the PRC aluminum products industry. During the Track Record Period, we had contributed approximately RMB4 million to the China Space Foundation. The sponsorship expires in December 2016.
- 2011
- We commenced operations of a plant dedicated to CNC processing and made our first shipment of the unibody chassis to the Foxconn Companies.
  - We were named an “enterprise with an intellectual-property advantage in Guangdong for 2011 (2011年廣東省知識產權優勢企業)” by the Guangdong Provincial Intellectual Property Bureau (廣東省知識產權局).
  - PanAsia Aluminum (China) received GB/T 19001-2008/ISO 9001:2008 certifications for its quality management system and GB/T 24001-2004/ISO 14001:2004 certifications for its environmental management system, all being issued by China Quality Mark Certification Group, a certification service provider authorized by the Chinese government, and IQNet.
  - We were certified an “enterprise in Guangzhou with qualified work safety standards (廣州市安全生產標準化達標企業)” by the Guangzhou Production Safety Administration (廣州市安全生產監督管理局).

### Corporate Development

#### *PanAsia Enterprises (BVI)*

PanAsia Enterprises (BVI) was incorporated in BVI on June 3, 1998 as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On July 1, 1998, one share was allotted and issued at par to each of Mr. Marcus Pan and Mr. Fung Chi Kong, Felix (“Mr. Fung”), who held the share on trust for Mr. Marcus Pan. Notwithstanding the case for BVI companies, Mr. Marcus Pan established the trust in view of the legal requirements at that time that a Hong Kong company must have a minimum of two shareholders. Between 1998 and early 2000, PanAsia Enterprises (BVI) had no business activities. On May 26, 2000, in order to simplify the shareholding structure and to position PanAsia Enterprises (BVI) as the holding company of our Group’s business in Hong Kong, Mr. Fung transferred the one share held on trust for Mr. Marcus Pan in PanAsia Enterprises (BVI) back to Mr. Marcus Pan.

Mr. Fung was a director of our Company and was responsible for our overseas sales. He retired and left the Group in March 2012 and his responsibilities were taken up by other senior management personnel of our Group. Our Directors are of the view that the retirement of Mr. Fung has no material impact on our operation.

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Mr. Marcus Pan obtained his Australian residency and citizenship in October 2000. With a view that he had to focus on developing the aluminum products trading business in Australia and would not be able to timely handle the business affairs in Hong Kong, Mr. Marcus Pan designated his brother-in-law, Mr. Pan Gaolin, as trustee to hold his interest in PanAsia Enterprises (BVI). As a result, on December 18, 2000, Mr. Marcus Pan transferred his two shares in PanAsia Enterprises (BVI) to Mr. Pan Gaolin, who held the shares on trust for Mr. Marcus Pan. After several months of development, Mr. Marcus Pan considered the development plan of the Group for the Australian market to be in place and he believed he could devote more time to the business in Hong Kong. As such, Mr. Pan Gaolin transferred such shares back to Mr. Marcus Pan on May 1, 2001 and the same was later transferred to Easy Star on December 20, 2007.

PanAsia Enterprises (BVI) is principally engaged in investment holding.

### ***Triplerich***

Triplerich was incorporated in BVI on December 6, 2004 as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 1, 2005, one share was allotted and issued at par to PanAsia Enterprises (BVI).

Triplerich is principally engaged in the holding of the Group's trademarks.

### ***CEPA Chance***

CEPA Chance was incorporated in BVI on December 8, 2003 as a limited liability company with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On December 15, 2003, one share was allotted and issued at par to Worldland Business Services Limited ("Worldland"), a company owned by Mr. Fung and his family members. On November 15, 2004, Worldland transferred its one share in CEPA Chance to PanAsia Enterprises (BVI) at par. On February 1, 2005, PanAsia Enterprises (BVI) transferred its one share in CEPA Chance to Worldland with the same being transferred back to PanAsia Enterprises (BVI) on the next day at par.

CEPA Chance is currently inactive and had no operations during the Track Record Period. We have no immediate intention to re-activate this company.

### ***OPLV Architectural***

OPLV Architectural was incorporated in Australia on January 31, 2008 as a proprietary company limited by shares. On the date of its incorporation, 100 shares were allotted and issued at par to PanAsia Enterprises (BVI) at par.

OPLV Architectural is currently inactive and had no operations during the Track Record Period. We have no immediate intention to re-activate this company.

### ***OPAL Macao***

OPAL Macao was incorporated in Macau on September 23, 2005 as a limited liability company with a share capital of MOP100,000 being held by PanAsia Enterprises (BVI). On July 21, 2011, the share capital of OPAL Macao increased from MOP100,000 to MOP1,000,000, all being held by PanAsia Enterprises (BVI). Such increase in share capital had been completed and approved by the relevant Macau governmental authority.

OPAL Macao is principally engaged in the trading of aluminum products.

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### ***Win International***

Win International was incorporated in Hong Kong on November 26, 2003 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, one subscriber share was allotted and issued at par to each of Bosco Nominees Limited (“Bosco Nominees”) and Bosco Secretaries Limited (“Bosco Secretaries”), both being Independent Third Parties. On December 18, 2003, each of Bosco Nominees and Bosco Secretaries transferred their one share in Win International to Mr. Fung and CEPA Chance, respectively, at par, and an additional 9,998 shares at HK\$1.00 each were allotted and issued to CEPA Chance. On July 28, 2005, Mr. Fung transferred his one share to Mr. Marcus Pan, who held the same on trust for PanAsia Enterprises (BVI), and CEPA Chance transferred its 9,999 shares to PanAsia Enterprises (BVI), at par.

As a result of such transfers, Win International was owned by PanAsia Enterprises (BVI) and Mr. Marcus Pan on trust for PanAsia Enterprises (BVI) as to 99.99% and 0.01%, respectively.

Win International is principally engaged in investment holding.

### ***PanAsia Group***

PanAsia Group was incorporated in Hong Kong on July 11, 1997 as a limited liability company with an authorized share capital of HK\$10,000,000 divided into 10,000,000 shares of HK\$1.00 each. On the date of its incorporation, 600,000 shares, 200,000 shares and 200,000 shares were allotted and issued at par to Mr. Marcus Pan, Mr. Pan Xieguang, father of Mr. Marcus Pan, and Mr. Pan Gaolin, respectively.

On September 15, 2000, Mr. Marcus Pan transferred his 600,000 shares in PanAsia Group to PanAsia Enterprises (BVI) at par. On September 30, 2001, Mr. Pan Xieguang transferred 100,000 shares at par to each of PanAsia Enterprises (BVI) and Ms. Shao, who held the same on trust for PanAsia Enterprises (BVI), and Mr. Pan Gaolin transferred his 100,000 shares at par to Ms. Pan Manqing, sister of Mr. Marcus Pan, who held the same on trust for PanAsia Enterprises (BVI). On even date, Mr. Pan Gaolin held his remaining 100,000 shares in PanAsia Group on trust for PanAsia Enterprises (BVI). As a result, PanAsia Group was owned by PanAsia Enterprises (BVI) and Ms. Shao, Ms. Pan Manqing and Mr. Pan Gaolin on trust for PanAsia Enterprises (BVI) as to 70% and 10%, 10% and 10%, respectively.

On July 29, 2005, Mr. Pan Gaolin and Ms. Pan Manqing transferred their respective 100,000 shares held on trust for PanAsia Enterprises (BVI) in PanAsia Group back to PanAsia Enterprises (BVI). On September 21, 2005, Ms. Shao transferred her 100,000 shares held on trust for PanAsia Enterprises (BVI) in PanAsia Group back to PanAsia Enterprises (BVI), and PanAsia Enterprises (BVI) transferred its one share in PanAsia Group to CEPA Chance and designated CEPA Chance to hold the same on trust for it. As a result, PanAsia Group was owned by PanAsia Enterprises (BVI) and CEPA Chance on trust for PanAsia Enterprises (BVI) as to 99.9999% and 0.0001%, respectively.

PanAsia Group is principally engaged in investment holding.

### ***Loyal Hill Holdings***

Loyal Hill Holdings was incorporated in Hong Kong on December 6, 2007 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, one share was allotted and issued at par to PanAsia Enterprises (BVI).

Loyal Hill Holdings is currently inactive and had no operations during the Track Record Period. We have no immediate intention to re-activate this company.

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### ***Loyal Hill***

Loyal Hill was incorporated in Hong Kong on December 6, 2007 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, one share was allotted and issued at par to PanAsia Enterprises (BVI).

Loyal Hill is currently inactive and had no operations during the Track Record Period. We have no immediate intention to re-activate this company.

### ***PanAsia Aluminium***

PanAsia Aluminium was incorporated in Hong Kong on July 18, 1997 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, 9,999 shares and one share were allotted and issued at par to PanAsia Group and Mr. Pan Xieqiang, an uncle of Mr. Marcus Pan, who held the same on trust for PanAsia Group, respectively. On November 28, 2002, Mr. Pan Xieqiang transferred his one share to PanAsia Enterprises (BVI), with the same to be held on trust for PanAsia Group. As a result, PanAsia Aluminium was owned by PanAsia Group and PanAsia Enterprises (BVI) on trust for PanAsia Group as to 99.99% and 0.01%, respectively.

PanAsia Aluminium is principally engaged in investment holding, the trading of aluminum products and the provision of management services.

### ***PanAsia Aluminium (HK)***

PanAsia Aluminium (HK) was incorporated in Hong Kong on June 7, 2000 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, 5,100 shares, 4,000 shares and 900 shares were allotted and issued at par to PanAsia Group, Mr. Fung and Mr. Liu Zhifen, a director of P & O Group, respectively. On March 31, 2001, Mr. Fung transferred his 4,000 shares at par to Blossom Base Consultants Limited ("Blossom Base"), a company owned by Ms. Shao.

On April 15, 2005, Blossom Base transferred its 4,000 shares in PanAsia Aluminium (HK) to PanAsia Group at par, and Mr. Liu Zhifen transferred his 899 shares and one share at par to PanAsia Group and PanAsia Enterprises (BVI) on trust for PanAsia Group, respectively. As a result of such transfer, PanAsia Aluminium (HK) was owned by PanAsia Group and PanAsia Enterprises (BVI) on trust for PanAsia Group as to 99.99% and 0.01%, respectively.

PanAsia Aluminium (HK) is principally engaged in the trading of aluminum products.

### ***PanAsia Trading***

PanAsia Trading was incorporated in Hong Kong on November 23, 1993 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of its incorporation, one subscriber share was allotted and issued at par to each of Polygon Limited and Toptime Limited, both being Independent Third Parties. On June 2, 1994, Polygon Limited and Toptime Limited transferred their respective one share in PanAsia Trading to Mr. Kwok Ka Fai, the spouse of Mr. Fung's sister-in-law, and Ms. Lee Yim Ha, sister-in-law of Mr. Fung, respectively, at par.

On March 27, 1997, Ms. Lee Yim Ha and Mr. Kwok Ka Fai transferred their respective one share at par to Blossom Base and New Pacific Holdings Limited, a company owned by Ms. Shao, with the same to be held on trust for Blossom Base, respectively. On the same date, 9,998 shares were allotted to Blossom Base.

On February 23, 2000, Blossom Base and New Pacific Holdings Limited transferred their respective 9,999 shares and one share at par to PanAsia Group and PanAsia Aluminium, with the



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same to be held on trust for PanAsia Group, respectively. As a result, PanAsia Trading was owned by PanAsia Group and PanAsia Aluminium on trust for PanAsia Group as to 99.99% and 0.01%, respectively.

PanAsia Trading is principally engaged in the trading of aluminum products.

### ***Guangzhou OPLV***

Guangzhou OPLV was established under the laws of the PRC on December 12, 2007 as a limited liability company with a total investment and registered capital of US\$1,000,000 and Win International held 100% of equity interests in Guangzhou OPLV. On April 25, 2008, July 29, 2010 and January 6, 2012, the total investment and registered capital of Guangzhou OPLV was increased from US\$1,000,000 to US\$2,000,000, from US\$2,000,000 to US\$8,000,000 and from US\$8,000,000 to US\$13,000,000, respectively. Such increases in total investment and registered capital had been completed and approved by the relevant PRC governmental authority.

Guangzhou OPLV is principally engaged in the processing and selling of window and door systems under the “OPLV (澳普利發)” brand, or the Branded OPLV Products.

### ***PanAsia Aluminum (China)***

PanAsia Aluminum (China) was established under the laws of the PRC on April 20, 1998 with a total investment and registered capital of US\$5,589,000 and PanAsia Aluminium held 51% of equity interests in PanAsia Aluminum (China). PanAsia Aluminum (China) was a Sino-foreign joint venture at the time of its establishment, and became a wholly foreign owned enterprise in 2003 after PanAsia Aluminium acquired 100% of equity interests in PanAsia Aluminum (China). On December 7, 1998, November 13, 2000, August 29, 2008 and March 20, 2012, the total investment and registered capital of PanAsia Aluminum (China) was increased from US\$5,589,000 to US\$9,089,000, from US\$9,089,000 to US\$9,989,000, from US\$9,889,000 to US\$16,889,000 and from US\$16,889,000 to US\$21,889,000, respectively. Such increases in total investment and registered capital had been completed and approved by the relevant PRC governmental authority.

PanAsia Aluminum (China) is principally engaged in the manufacturing and selling of aluminum products.

### ***Guangzhou Rongfu***

Guangzhou Rongfu was established under the laws of the PRC on May 10, 2012 with a total investment and registered capital of RMB10,000,000 and PanAsia Aluminium (China) held 100% of equity interests in Guangzhou Rongfu.

Guangzhou Rongfu is principally engaged in the manufacturing, processing and selling of computer components.

### ***Chengdu Zhencheng***

Chengdu Zhencheng was established under the laws of the PRC on November 22, 2012 with a registered capital of HK\$10,000,000 and PanAsia Aluminium held 100% of equity interests in Chengdu Zhencheng.

Chengdu Zhencheng is principally engaged in the business of general trading and after sales services.

All of the transfers under the section headed “—Corporate Development” were properly and legally completed and settled, and that registration under the Circular of the State Administration

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents through Overseas Special-Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) is not applicable to any of such transfer.

### **Disposal of P & O Group and Oceanic**

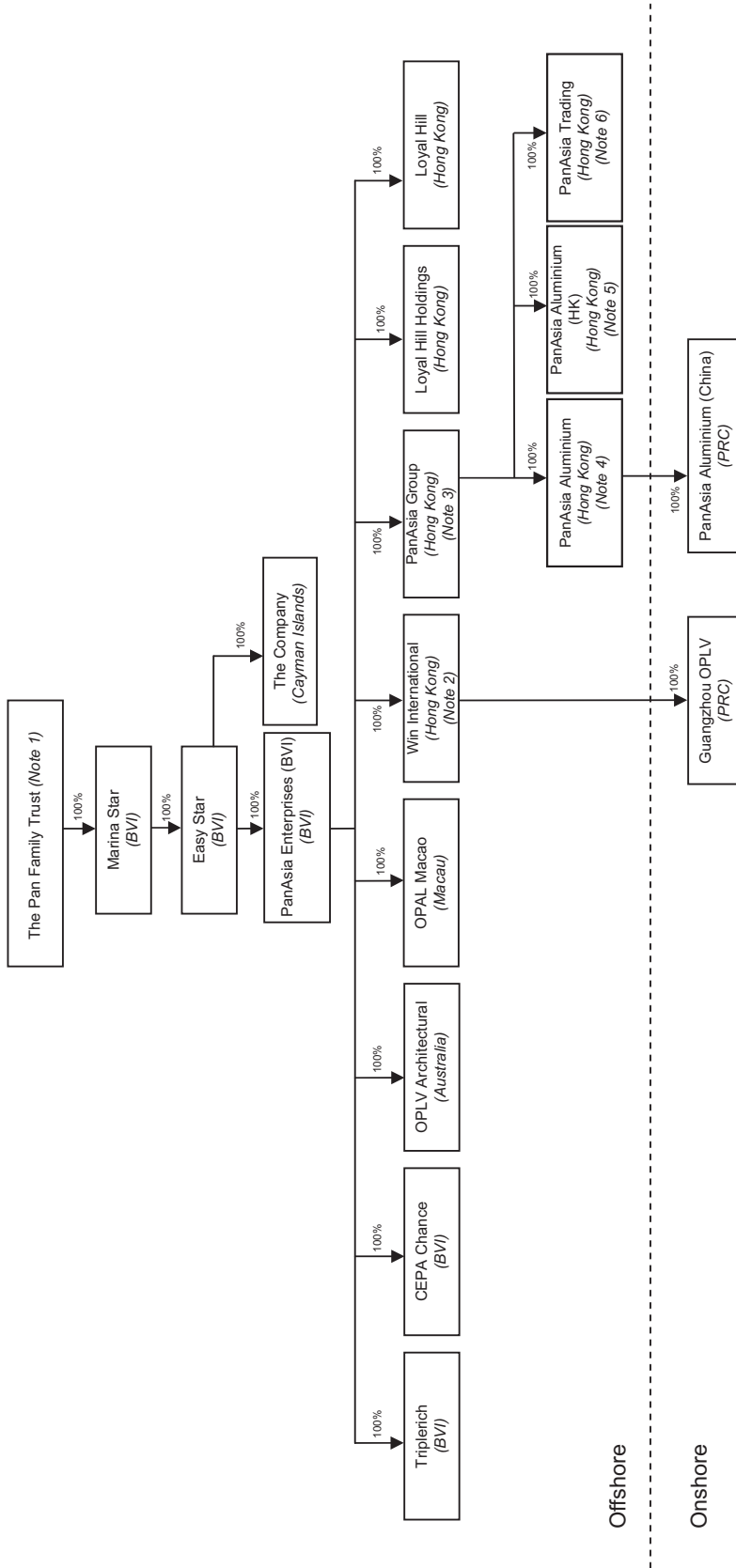
In the past, we had certain subsidiaries in Australia, which included P & O Group and Oceanic, through which we conducted our sales to Australia. In 2009, due to a strategic shift of our business focus to the Greater China market, we sold all of our holdings in P & O Group and Oceanic. See “Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic” in this prospectus for details of our disposals of P & O Group and Oceanic.

### **Disposal of PanAsia Aluminum (Toronto) and dissolution of PanAsia Aluminum (Calgary) and PanAsia Aluminum (Vancouver)**

Between August 2004 to July 2006, we set up PanAsia Aluminum (Vancouver), PanAsia Aluminum (Toronto) and PanAsia Aluminum (Calgary) to distribute our aluminum products in North America. Due to a strategic shift of our business focus to the Greater China market and little prospect of significant business development in North America as a result of the anti-dumping duty imposed, PanAsia Aluminum (Vancouver) and PanAsia Aluminum (Calgary) were dissolved on April 13, 2009 and June 3, 2009, respectively. Subsequently, we also sold PanAsia Aluminum (Toronto) to Sino Synergy Trading Limited (“Sino Synergy”) on December 31, 2009 at a consideration of CA\$50,000, which was determined after arm’s-length negotiations based on the then business operations of PanAsia Aluminum (Toronto) in Canada as its net book value was negative at the time of such transfer. At the time of disposal, Sino Synergy was wholly owned by Mr. Liu Zhifen, a director of P & O Group, and we understand that Mr. Liu subsequently sold Sino Synergy to another Independent Third Party on July 30, 2010. PanAsia Aluminum (Toronto) was dissolved on October 26, 2011 and we are not aware of the reason for its dissolution.

**Our Reorganization**

The shareholding structure of our Group immediately prior to the Reorganization was as follows:



Note 1: The entire issued share capital of Marina Star is registered in the name of HSBC International Trustee. HSBC International Trustee acts as trustee of The Pan Family Trust.

Note 2: One share of Win International is held by Mr. Marcus Pan on trust for PanAsia Enterprises (BVI).

Note 3: One share of PanAsia Group is held by CEPA Chance on trust for PanAsia Enterprises (BVI).

Note 4: One share of PanAsia Aluminium is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.

Note 5: One share of PanAsia Aluminium (HK) is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.

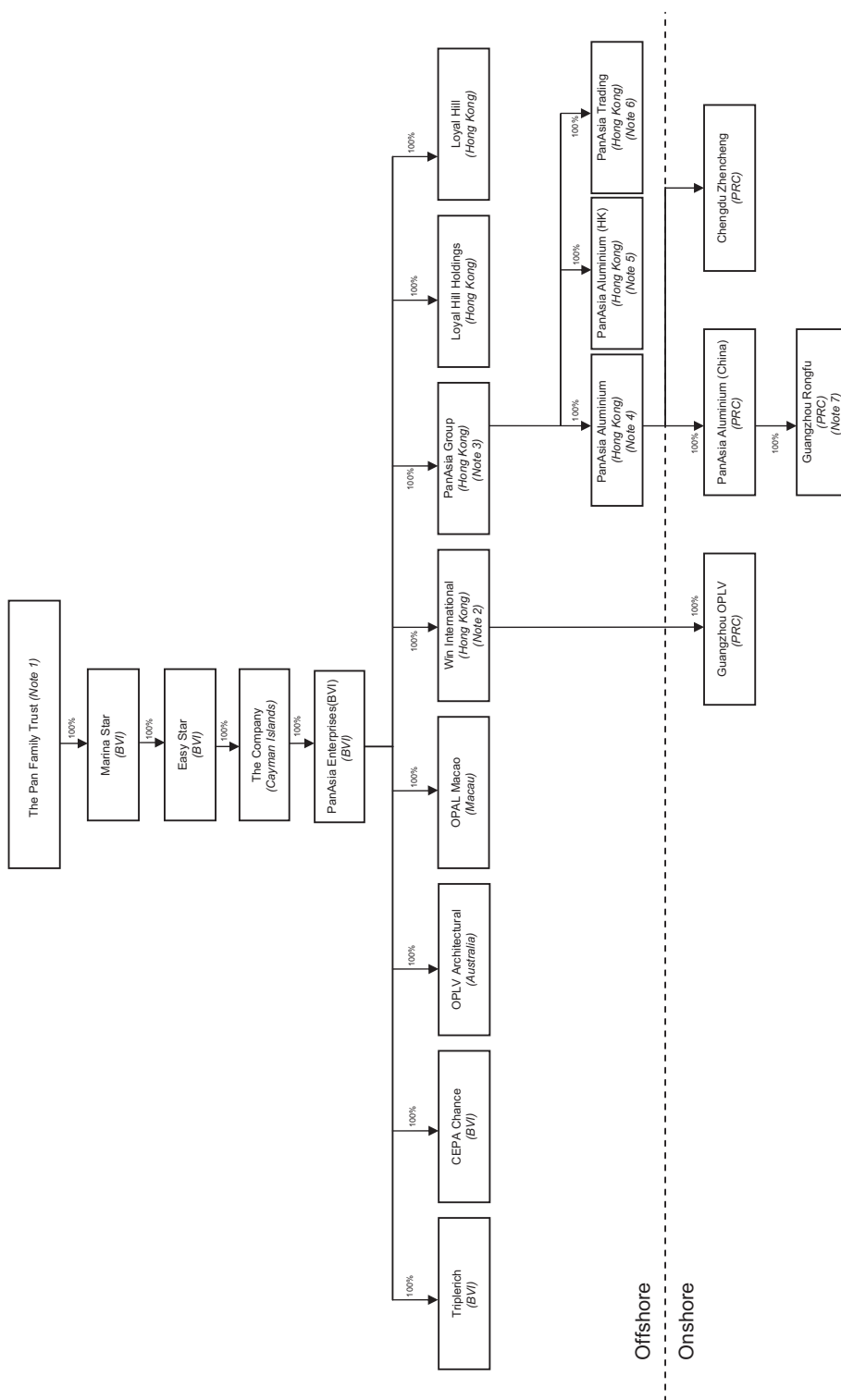
Note 6: One share of PanAsia Trading is held by PanAsia Aluminium on trust for PanAsia Group.

In preparation of Listing, our Group underwent the Reorganization pursuant to which the Company became the ultimate holding company of the other members of our Group.

**Share Swap Between Our Company and Easy Star**

On October 12, 2012, Easy Star transferred all of the shares it held in PanAsia Enterprises (BVI) to our Company. In consideration of which, our Company issued and allotted 999,999 Shares to Easy Star. Upon completion of such share swap, PanAsia Enterprises (BVI) became wholly owned by the Company, and all the companies held by PanAsia Enterprises (BVI) since then became subsidiaries of the Company.

**Shareholding Structure Prior to the Completion of the Global Offering and the Capitalization Issue**

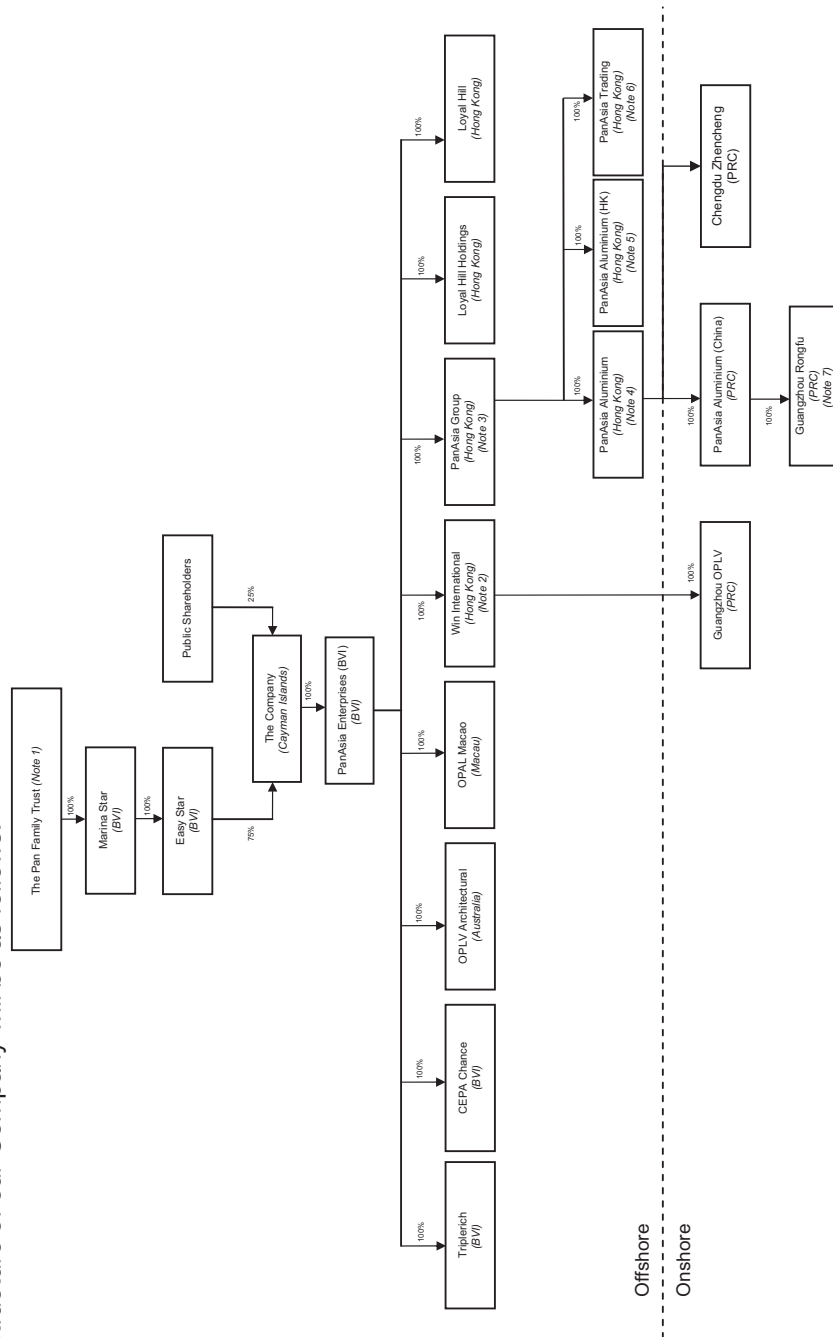


Note 1: The entire issued share capital of Marina Star is registered in the name of HSBC International Trustee. HSBC International Trustee acts as trustee of The Pan Family Trust.  
 Note 2: One share of Win International is held by Mr. Marcus Pan on trust for PanAsia Enterprises (BVI).  
 Note 3: One share of PanAsia Group is held by CEPA Chance on trust for PanAsia Enterprises (BVI).  
 Note 4: One share of PanAsia Aluminium is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.  
 Note 5: One share of PanAsia Aluminium (HK) is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.  
 Note 6: One share of PanAsia Trading is held by PanAsia Aluminium on trust for PanAsia Group.  
 Note 7: Established on May 10, 2012.

**Capitalization Issue**

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, the Directors would be authorized to capitalize the amount of HK\$89,900,000 from such account and apply such sum in paying up in full a total of 899,000,000 Shares for the allotment and issue to the shareholders of our Company whose names appeared on the register of members of our Company at the close of business on the date the Capitalization Issue was approved by the shareholders on a pro rata basis.

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the shareholding structure of our Company will be as follows:



Note 1: The entire issued share capital of Marina Star is registered in the name of HSBC International Trustee. HSBC International Trustee acts as trustee of The Pan Family Trust.  
 Note 2: One share of Win International is held by Mr. Marcus Pan on trust for PanAsia Enterprises (BVI).  
 Note 3: One share of PanAsia Group is held by CEPA Chance on trust for PanAsia Enterprises (BVI).  
 Note 4: One share of PanAsia Aluminium is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.  
 Note 5: One share of PanAsia Aluminium (HK) is held by PanAsia Enterprises (BVI) on trust for PanAsia Group.  
 Note 6: One share of PanAsia Trading is held by PanAsia Aluminium on trust for PanAsia Group.  
 Note 7: Established on May 10, 2012.

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### M&A Rules

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), a regulation with respect to the mergers with and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Under the M&A Rules, an offshore special purpose vehicle formed for listing purposes and controlled, directly or indirectly, by PRC companies or individuals, in cases where its shareholder or itself purchases the equities of the shareholders of a domestic company or subscribes for the increased capital of a domestic company by paying with its equities or additional issued shares, shall be required to obtain approval from the China Securities Regulatory Commission prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange. In accordance with the M&A Rules, “takeover of a domestic enterprise by a foreign investor” means that the foreign investor purchases by agreement the equities of the shareholders of a domestic non-foreign-invested enterprise (“Domestic Enterprise”) or subscribes to the increased capital of a Domestic Enterprise, thus changing the Domestic Enterprise into a foreign-invested enterprise; or, a foreign investor establishes a foreign investment enterprise, through which it purchases by agreement the assets of a Domestic Enterprise and owns its assets; or, a foreign investor purchases by agreement the assets of a Domestic Enterprise, and then invests such assets to establish a foreign-invested enterprise and owns the assets.

Our PRC legal advisers, Jingtian & Gongcheng, have advised us that our subsidiaries in the PRC are not subject to the M&A Rules because they were set up by their investors in accordance with PRC laws and regulations regulating foreign direct investment directly and there is no such acquisition of domestic enterprises by foreign investors (as defined in the M&A Rules) involved in the Reorganization; and as of the Latest Practicable Date, neither our Company nor any of our subsidiaries in the PRC was required to obtain approvals or permits from any relevant PRC government authorities or departments or complete any other legal procedures or register with any other PRC government authorities or departments for the purpose of the Listing.

## BUSINESS

### Overview

We are a fast-growing aluminum products manufacturer based in Guangdong Province, China, with a large and diverse portfolio of high-quality products. During the Track Record Period, we had an increasing focus on high-value-added high-precision aluminum parts for cutting-edge electronic products, complemented by aluminum extrusion products for a variety of industries which contributed stable revenue. We have established sales channels and market presence in the PRC, Hong Kong and overseas. We have achieved significant growth in recent years. For the years ended September 30, 2010, 2011 and 2012, we recorded revenue of HK\$1,366.9 million, HK\$2,090.6 million and HK\$2,437.0 million, respectively, representing a CAGR of 33.5%, and profit for the year of HK\$86.7 million, HK\$260.3 million and HK\$357.1 million, respectively, representing a CAGR of 102.9%.

We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. The following table sets out our revenue by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Revenue</b>						
Electronics Parts .....	119.8	8.8%	791.5	37.9%	1,143.5	46.9%
Branded OPLV Products .....	129.4	9.4%	182.7	8.7%	258.2	10.6%
Construction and Industrial Products .....	1,117.7	81.8%	1,116.4	53.4%	1,035.3	42.5%
<b>Total</b> .....	<u>1,366.9</u>	<u>100.0%</u>	<u>2,090.6</u>	<u>100.0%</u>	<u>2,437.0</u>	<u>100.0%</u>

*Electronics Parts.* Our products in the Electronics Parts category include aluminum parts for some of the world's most popular portable consumer electronic devices by a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis. We supply such parts to the Foxconn Companies, which are major contract manufacturers for such designer. We are currently the only external supplier to the Foxconn Companies that fabricates the aluminum unibody chassis for the popular multimedia tablets, employing advanced CNC machining centers. We commenced operations of a plant dedicated to CNC processing in October 2011, and made our first shipment of the unibody chassis to the Foxconn Companies in November 2011. As of September 30, 2012, our annualized production capacity of such unibody chassis was 43.4 million units. As of the Latest Practicable Date, we had 692 CNC machining centers, which had an annualized processing capacity of 45.7 million units of such unibody chassis. Since 2009, we have also supplied the Foxconn Companies with aluminum plates of required specifications, which they further process into unibody chassis for the multimedia tablets, as well as the laptop computers, in-house. Our Electronics Parts also include aluminum components for personal computers or other electronic devices, mostly heat sink products, supplied to the Foxconn Companies and other customers. Primarily driven by sales of the aluminum plates and unibody chassis to the Foxconn Companies, our Electronics Parts sales revenue experienced significant growth since 2011, which accounted for most of our revenue growth for the same period. Our Electronics Parts sales revenue amounted to HK\$791.5 million and HK\$1,143.5 million for the years ended September 30, 2011 and 2012, respectively, compared to HK\$119.8 million for the year ended September 30, 2010.

*Branded OPLV Products.* Our Branded OPLV Products comprise mid- to high-end integrated aluminum door and window systems, which we have manufactured and sold under the "OPLV" ("澳普利發") brand since 2008, primarily through our OPLV Distributors in China. We also sell some of our Branded OPLV Products directly to end-customers, generally through referrals from OPLV Distributors. Over a relatively short period of time, we have substantially grown revenue from Branded OPLV Products and developed a broad distribution network, comprising 577 active OPLV Distributors in 27 provinces across China as of September 30, 2012. We believe that we have developed a strong

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OPLV brand where we market our Branded OPLV Products by enforcing uniform sales and marketing strategies through our OPLV Distributors. We also believe that our Branded OPLV Products, which are designed as integrated systems, provide our customers with a valuable alternative to conventional aluminum door and window frames marketed in China that are sold in bulk to the construction and home remodeling industries.

*Construction and Industrial Products.* Our Construction and Industrial Products are primarily components and materials used for exterior and interior architectural decoration and furnishings and in various other industries. Prior to 2011, Construction and Industrial Products accounted for a majority of our total sales revenue. Since 2011, with the significant growth in our Electronics Parts segment, our reliance on Construction and Industrial Products gradually declined, but they have nevertheless remained an important part of our product portfolio. We have made substantial sales of our Construction and Industrial Products in the PRC and Hong Kong as well as overseas markets, including Australia, Canada, the United States, South Africa and Malaysia. According to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively.

### **Competitive Strengths**

We believe that our market position and rapid-growth profile are principally attributable to the following competitive strengths:

#### ***Strong position in the fast-growing consumer electronics market segment and strong business relationship with leading consumer electronics contract manufacturer***

We have maintained a business relationship with the Foxconn Companies, which are among the world's leading contract manufacturers of consumer electronic products, for over 12 years and have supplied to them products with increasing technical complexity. We are now one of the Foxconn Companies' major suppliers of aluminum parts, most notably with respect to some of the world's most popular consumer electronic products they assemble for a leading global consumer electronics designer. We began our relationship with the Foxconn Companies in 2000 when we started to supply to them heat sinks for personal computers. In 2009, we began to supply to the Foxconn Companies aluminum plates of required specifications, which they further process into unibody chassis for popular multimedia tablets and laptop computers that they assemble for the leading global consumer electronics designer. In 2011, we established our CNC processing capacity, which enabled us to fabricate the aluminum unibody chassis of the multimedia tablets.

- We are currently the only external supplier to the Foxconn Companies of such aluminum unibody chassis, with an annualized processing capacity of 45.7 million pieces as of the Latest Practicable Date. We currently devote all of our CNC processing capacity to fabricating these unibody chassis for the Foxconn Companies.
- We also supply to the Foxconn Companies aluminum plates that they further process into the unibody chassis for such popular multimedia tablets in-house; together, we are the largest supplier to the Foxconn Companies of such unibody chassis and plates for the multimedia tablets.
- We also supply to the Foxconn Companies aluminum plates, of different specifications, which they further process into the unibody chassis of the popular laptop computers by the same designer in-house.

We attribute our successful relationship with the Foxconn Companies to numerous reasons, which we believe include our superior technological capabilities and production process know-how, product quality and reliability, our responsiveness to the Foxconn Companies' specific requirements



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and our organizational structure which enables us to meet the quality and quantity requirements of the Foxconn Companies. We believe that the combination of these factors places us in an advantageous position as one of a few stable and trusted suppliers to the Foxconn Companies.

According to ABI Research, global shipments of multimedia tablets are expected to continue to grow substantially in the foreseeable future, and aluminum has become a popular material for their chassis because its properties are well matched to the design requirements of such mobile devices. We believe that there are considerable barriers to entry with respect to this niche segment of aluminum products, including capital investment, technical sophistication and customer relationships, and that our current strong position in this high-margin and fast-growing market segment will enable us to stay ahead of competition going forward and contribute to our profitability.

### ***Vertical integration of aluminum product manufacturing capabilities***

We have established capabilities in many stages of the aluminum product manufacturing process, including smelting, die design and fabrication, extrusion, scrap recycling and advanced CNC processing. We also began testing and trial of an assembly operation in a third production plant in July 2012 and have been gradually increasing production. We believe such vertical integration of manufacturing capabilities enables us to lower manufacturing cost, capture more value along the production chain, develop new products at a speed required by changing market demand and accommodate specific requirements of our large customers. For example, in our CNC processing of the unibody chassis of the popular multimedia tablets, a large amount of aluminum is carved from aluminum plates as the chassis take shape according to exact specifications. Our smelting capability allows us to recycle the scrap aluminum, which reduces our raw materials usage and at the same time obviates the cost of disposing of the scrap aluminum. We believe our vertical integration allows us to compete more effectively in our industry.

### ***Diversified product portfolio with a strong focus on high-value-added products***

Our broad product portfolio is divided into three categories: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. We have achieved significant growth in Electronics Parts in recent years, establishing a strong focus on aluminum parts for high-value-added consumer electronic products that carry high profit margins. We have also substantially expanded our Branded OPLV Products distribution network and sales revenue. To complement the growth of our Electronics Parts and Branded OPLV Products, our Construction and Industrial Products provided us with stable income throughout the Track Record Period, as a result of stable demand for these products from our customers. For the years ended September 30, 2010, 2011 and 2012, sales revenue of our Construction and Industrial Products amounted to HK\$1,117.7 million, HK\$1,116.4 million and HK\$1,035.3 million, respectively.

### ***Established presence in overseas markets and growing revenue contribution from the PRC***

We have an established track record in exporting our products to overseas markets. We began selling our products in Australia, our first overseas market, in 1998. We subsequently developed markets in Canada, South Africa and Malaysia. According to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively. We believe we have created and maintained strong distributor relationships, industry reputation and customer loyalty in our markets. Our established presence in the overseas markets provides us with an important source of revenue that has been growing steadily. For the years ended September 30, 2010, 2011 and 2012, our export sales (our total sales excluding sales to the PRC and Hong Kong) amounted to HK\$809.8 million, HK\$819.3 million and HK\$835.8 million, respectively. Meanwhile, we have grown our revenue significantly in the PRC. For the years ended September 30, 2010, 2011 and 2012, our PRC sales amounted to HK\$501.5 million, HK\$1,174.7 million and HK\$1,530.1 million, respectively.

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### ***Advanced technical expertise contributing to high product quality and production efficiency***

We believe we possess advanced technical expertise with respect to high-precision and high-quality aluminum products. We believe we are among a few manufacturers in our industry in China that employ the advanced CNC machining centers to produce aluminum parts for some of the world's most popular consumer electronic devices on a large scale. Through years of operational experience, we have developed substantial manufacturing process-related know-how, including alloy casting and die fabrication techniques, which helps ensure our product quality. We are one of the major suppliers to the Foxconn Companies of aluminum parts, most notably with respect to some of the world's most popular electronic products, whose technical and workmanship requirements are among the most sophisticated and stringent in the aluminum products industry worldwide. We have maintained a strong business relationship with the Foxconn Companies under their stringent quality requirements, and have agreed to compensate the Foxconn Companies if more than a certain percentage of the products we ship to them are defective. As confirmed by the Foxconn Companies, we have never been required to pay compensation to the Foxconn Companies due to product quality.

We believe our technical expertise and process-related know-how have also promoted our production efficiency by minimizing faulty product output, reducing wasteful raw material and energy consumption and increasing the recycled use of raw materials. For the year ended September 2012, our aluminum extrusion capacity utilization was approximately 82% and our CNC processing capacity utilization was approximately 82%. See “— Our Production Facilities” below for further details.

### ***Strong management team with extensive industry experience and focus on customer satisfaction***

We believe we are led by an experienced and dedicated management team with a proven execution track record in our industry. Mr. Marcus Pan, our chairman and executive Director, is the founder of our Group and has been our chief executive officer since our inception. He has over 21 years of experience in manufacturing and distributing aluminum products. His industry insight and expertise as well as his proven capabilities in corporate planning have provided us with invaluable guidance in our direction and strategies. He has been particularly instrumental in developing and maintaining our key customer relationships over the course of our development, and spearheaded the diversification of our product portfolio as well as the continuous upgrades in the technical sophistication of our products. The other members of our senior management team also have years of experience in the aluminum and related industries, manufacturing and corporate management, which has contributed to our continuing growth and diversifying product portfolio. We believe that the insight and execution capabilities of our management team have been key to managing our rapid growth and in achieving our current market position.

### **Business Strategies**

We have transitioned our business focus from traditional aluminum extrusion products to a diversified product portfolio encompassing aluminum parts for cutting-edge consumer electronic products, branded integrated door and window systems and aluminum extrusions for applications in the construction and various other industries. We intend to continue our business diversification and strive to obtain a leading position in the consumer electronics parts market segment. We intend to achieve these goals by pursuing the following strategies:

### ***Further strengthen our relationship with the Foxconn Companies and major customer in Australia***

We plan to further strengthen our relationship with the Foxconn Companies, by continuing to vigorously apply the stringent quality standards with regard to the products we manufacture for them, allocating and developing additional production capacity sufficient to meet their increasing demand and developing capabilities to offer more value-added products and services. We intend to closely

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follow the Foxconn Companies' business development and endeavor to secure mandates from the Foxconn Companies to manufacture new types of products, including aluminum parts for any new product lines of the leading global consumer electronics designer behind the popular multimedia tablets and laptop computers for which we have been supplying parts, and for any new types of work that they intend to outsource or may require from external suppliers. For example, we plan to further increase our CNC processing capacity so that we can handle more CNC Product orders from the Foxconn Companies and began testing and trial operation of a third production plant to assemble cooling components for personal computers to supply to the Foxconn Companies. With respect to our major customer in Australia, the P & O Companies, we plan to further strengthen our relationship by providing more value-added products, such as integrated door and window systems.

***Expand our manufacturing capacity to meet the rapid growth in demand for our products and continue to improve our manufacturing efficiency to further enhance profitability***

We plan to continue to expand our manufacturing capacity, especially our CNC processing capacity, to meet the rapidly growing demand for our products. Since March 2012, we have purchased 225 CNC machining centers. We plan to devote a large portion of these additional machines to the fabrication of the aluminum unibody chassis of the multimedia tablets, expanding such processing capacity to an annualized 45.7 million units. We plan to use some of these CNC machining centers to fabricate cases for miniature desktop computers. We began testing and trial operation of a third production plant in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies and have been gradually increasing production. See “—Our Production Facilities—Capacity Expansion” below. In addition, we plan to gradually upgrade our machinery and equipment for regular aluminum extrusion products to be more efficient in raw materials and energy consumption, and place more emphasis on recycling scrap aluminum generated in our production process. By executing these initiatives we hope to continue to improve our manufacturing efficiency and further enhance our profitability.

***Continue to promote our OPLV brand and enhance our Branded OPLV Product distribution network***

We plan to continue to promote our OPLV brand in China in the home remodeling market. We intend to achieve this by designing new products of superior aesthetics and functionalities that meet the demand of the growing number of home-owning customers in China. As part of our efforts to ensure a more consistent brand image and operations, we also plan to consolidate our OPLV distribution network by discontinuing cooperation with underperforming OPLV Distributors and developing new ones. In addition to further enhancing our brand presence in smaller Chinese cities currently in our OPLV distribution network, we also intend to expand to first-tier Chinese cities, including Beijing and Shanghai, by developing region-specific products and selecting distributors in these cities that meet our selection criteria.

***Further develop our technical expertise and R&D capabilities***

We plan to further improve our R&D capabilities by continuing to focus on R&D efforts to develop manufacturing process-related know-how to improve product quality and save production cost. We also intend to develop new fabrication processes to provide greater value-added products to meet the demand of our key customers. In addition, we plan to continue to vigorously protect our intellectual property rights in markets where we operate.

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## BUSINESS

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### Our Products

We are dedicated to manufacturing high-quality, high-precision aluminum products in accordance with our quality standards and the specific requirements of our customers. We currently produce a wide variety of aluminum products, which we broadly classify into three categories: (i) Electronics Parts; (ii) Branded OPLV Products; and (iii) Construction and Industrial Products. The following table sets out the sales volumes of our products by category during the Track Record Period.

	Year ended September 30,		
	2010	2011	2012
Electronics Parts			
Unibody chassis and plates for multimedia tablets (thousand pieces) .....	4.0	15,450.3	27,360.9
Plates for laptop computers (thousand pieces) .....	382.2	2,642.7	6,690.9
Heat sink and other products (thousand pieces) .....	16,088.9	8,753.8	14,608.9
Branded OPLV Products (MT) .....	4,462.0	5,727.4	7,535.3
Construction and Industrial Products (MT) .....	41,046.8	34,858.5	30,857.8

### **Electronics Parts**

Our products in the Electronics Parts category consists of aluminum parts for consumer electronics products. Our Electronics Parts include aluminum parts for some of the world's most popular portable consumer electronic devices by a leading global consumer electronics designer, including its popular multimedia tablets and laptop computers, which are housed in distinctive aluminum unibody chassis. The Electronics Parts we supply to the Foxconn Companies, particularly those used in products for the leading global consumer electronics designer, are manufactured in strict compliance with technical specifications provided by the Foxconn Companies. The technical and workmanship requirements for parts for such leading global consumer electronics designer's products are among the most sophisticated and stringent in the aluminum products industry worldwide.

We generally price our Electronics Parts on the traditional "cost-plus" basis. See "—Construction and Industrial Products" below. For our CNC Products, we charge a per unit price based on commercial negotiations with the Foxconn Companies, which takes into account raw material price and usage, other production costs and a processing charge which we believe reflects the high added value of the CNC Products. The price of our Electronics Parts may be adjusted after the purchase order in the event of a change in the price of aluminum ingots exceeding a stated threshold within a specified period. We grant the Foxconn Companies sales rebates for large orders.

### *Relationship with the Foxconn Companies*

During the Track Record Period, we derived 34.0% of our total revenue from sales to the Foxconn Companies\*, which are among the largest contract manufacturers of electronic products in the world. The Foxconn Companies provide a range of services to many of the world's best-known manufacturers in the computer, communication and consumer electronics ("3C") industries, from the manufacture of parts (such as electronic connectors) and components (such as casings and chassis) to the assembly of final products. In particular, the Foxconn Companies are among the largest suppliers to a leading global consumer electronics designer, assembling for it various popular product lines such as multimedia tablets, laptop computers, desktop computers and smartphones.

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\* For the avoidance of confusion, as of the date of this prospectus, we understand from public information that Hon Hai Precision Industry Co., Ltd owns a majority interest in Foxconn International Holdings Limited, a company listed on the Main Board (Stock Code: 2038), and we have not had a trade relationship with Foxconn International Holdings Limited and its subsidiaries during the Track Record Period and up to the Latest Practicable Date.

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### Supply of products

We have maintained a business relationship with the Foxconn Companies for over 12 years and supplied to them products with increasing variety and technical complexity. We are one of their major aluminum parts suppliers. During the Track Record Period, we supplied the Foxconn Companies, all based in the PRC, with various types of products, all of which were in the Electronics Parts category.

*Unibody chassis and plates for multimedia tablets.* One of the main products we supplied to the Foxconn Companies were aluminum plates of required specifications to be further processed by the Foxconn Companies in-house into the distinctive aluminum unibody chassis of the popular multimedia tablets that the Foxconn Companies assemble for a leading global consumer electronics designer. In 2011, we established our CNC processing capacity, with a portion of the CNC machining centers acquired from the Foxconn Companies, which enabled us to fabricate unibody chassis from the plates ourselves. We began to sell to the Foxconn Companies unibody chassis for the multimedia tablets in November 2011 (while continuing to supply to them the plates), and we are currently the only external supplier to the Foxconn Companies of such unibody chassis. We believe that the partial outsourcing of the unibody chassis fabrication from the Foxconn Companies to us has a sound economic basis, because we are able to smelt the considerable amount of scrap aluminum generated in the unibody chassis fabrication process and redirect it to the production cycle, thereby achieving higher cost-effectiveness. Together, we are currently the largest supplier to the Foxconn Companies of such unibody chassis and plates for the multimedia tablets.

*Plates for laptop computers.* We also supplied to the Foxconn Companies aluminum plates of different specifications to be further processed by the Foxconn Companies in-house into the distinctive aluminum unibody chassis of the popular laptop computers that the Foxconn Companies assemble for the leading global designer.

*Cases for miniature desktop computers.* In December 2012, we began supplying the Foxconn Companies with aluminum cases for miniature desktop computers that the Foxconn Companies assemble for the leading global designer.

*Heat sinks and other products.* We also supplied the Foxconn Companies with parts that are not destined for the popular portable consumer electronic products by the leading global designer. These included mostly various models of heat sink products for personal computers and other electronic devices, as well as solar panels. We have accumulated substantial experience manufacturing heat sinks since 2000. We supplied heat sinks to customers other than the Foxconn Companies throughout the Track Record Period, and expect to continue to do so in the future.

For the years ended September 30, 2010, 2011 and 2012, our aggregate sales revenue from the Foxconn Companies amounted to HK\$107.2 million, HK\$786.2 million and HK\$1,113.0 million, respectively, accounting for 7.9%, 37.6% and 45.7% of our total sales revenue for the same periods, respectively. Both increasing trends are attributable to the enlarged orders for the plates and unibody chassis since 2011.

Since the Foxconn Companies are a major customer to us, we have granted it credit periods. We extended our credit term granted to the Foxconn Companies from 45 days to 60 days on September 1, 2011 and further to 90 days on December 1, 2011 as our trade relationship with the Foxconn Companies continued to strengthen. As of September 30, 2010, 2011 and 2012, we had aggregate trade receivables from the Foxconn Companies of HK\$26.4 million, HK\$152.9 million and HK\$415.3 million, respectively, accounting for 7.3%, 29.2% and 51.0% of our total trade receivables as of the same dates, respectively. The increasing trends are in line with our significantly increased sales to the Foxconn Companies and the longer credit term.

### Sales contracts

We have historically supplied products to the various Foxconn Companies under individual orders. Over time, as the volume of products supplied increased substantially and we commenced

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relationships with new Foxconn Companies, we continued to transact such business under individual orders. We did not enter into any formal agreement with the Foxconn Companies prior to July 2011.

In July 2011, we entered into a five-year agreement with the Foxconn Companies, automatically renewable on one-year terms unless otherwise agreed to prior to expiry or terminated for cause according to its terms. As advised by Jingtian & Gongcheng, our PRC legal advisers, the agreement is legally binding upon both parties. It does not specify the types or quantities of products to be transacted, nor does it include any pricing terms or minimum purchase requirements on the Foxconn Companies. It is legally binding insofar as it establishes the mechanism through which we may consummate individual sales transactions with them, with various undertakings and subject to certain other obligations binding on us or the Foxconn Companies. The key legally binding undertakings and requirements under which individual sales transactions are to be conducted and commercial provisions under the agreement include:

- *Transaction mechanism.* From time to time, the Foxconn Companies may send us “demand estimates” with respect to their estimated purchase requirements for the next 12 weeks or another mutually agreed future period. Based on such demand estimates, they may issue to us purchase orders, followed by more specific delivery notices, which will contain order details such as product codes and specifications, quantity, price, delivery terms and payment terms. Such purchase orders and delivery notices complement the agreement and create a binding obligation on the Foxconn Companies to purchase our products for the respective orders. The Directors confirm that, as of the date of this prospectus, there is no material decrease in overall demand estimates from the Foxconn Companies to the Company.
- *Quality assurance.* With each delivery of products, we are required to have performed an internal quality inspection, and the Foxconn Companies have the right to perform their own quality inspection pursuant to specified standards.
- *Intellectual property.* Any drawings, designs, formulae, tools, equipment and other materials relating to the products to be supplied to the Foxconn Companies provided by the Foxconn Companies to us necessary for the manufacture of such products, together with any property and intellectual property rights involved, are to remain the property of the Foxconn Companies. Unless necessary for the manufacture of such products, without the prior written consent of the Foxconn Companies, we are prohibited from supplying such intellectual property materials to third parties for their use or benefit or from disposing of such materials; we are required to return such materials to the Foxconn Companies immediately and unconditionally upon their request. We agree to license to the Foxconn Companies and their clients all intellectual property rights (if any) contained in the products we supply to them on a permanent, irrevocable, unassignable and royalty-free basis. We also undertake that the products we supply to the Foxconn Companies will not infringe upon the intellectual property rights of any third party.
- *Environmental protection undertaking.* We undertake that the products we supply to the Foxconn Companies, including raw materials, parts, work-in-progress, final products and ancillary materials, will comply with applicable environmental laws, the latest environmental standards published by the Foxconn Companies and/or the environmental standards required by the customers of the Foxconn Companies, as amended from time to time. The Foxconn Companies have the right to perform unannounced inspections on our environmental protection facilities. The Foxconn Companies did perform such inspections, and the results were favorable.
- *Corporate social responsibility undertaking.* We undertake to abide by corporate social responsibility requirements as included in various guidelines published by certain international organizations, the Foxconn Companies and the Electronic Industry Citizenship

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Coalition, an initiative supported by many of the world's leading electronics companies to promote social responsibility in the industry's supply chain.

As advised by Jingtian & Gongcheng, our PRC legal advisers, in accordance with the PRC Contract Law (《中華人民共和國合同法》) and the agreement, in the event of breach by either party of the provisions of the agreement, the breaching party shall be liable for any damages; any breach by us may entitle the Foxconn Companies to rescind in full or in part purchase orders and/or delivery notices already issued to us; and, if a material breach by either party is not rectified within a specific time period, the non-breaching party may terminate the agreement and the purchase orders and delivery notices issued under the agreement.

### Future plans

Going forward, we believe we will maintain a strong and stable business relationship with the Foxconn Companies. We expect to supply to the Foxconn Companies the following types of products.

*Unibody chassis for multimedia tablets.* We expect to continue to fabricate the aluminum unibody chassis for the popular multimedia tablets by the leading global designer to supply to the Foxconn Companies. Since March 2012, we have purchased an additional 225 CNC machining centers, which are the machinery used to process certain fine electronics components, including the unibody chassis. We have devoted a large portion of the additional CNC machining centers to the fabrication of such unibody chassis, increasing our capacity from an annualized 43.4 million units as of September 30, 2012 to 45.7 million as of the Latest Practicable Date.

*Plates for multimedia tablets and laptop computers.* We expect to continue to supply the Foxconn Companies with aluminum plates for their further in-house fabrication of aluminum unibody chassis for the popular multimedia tablets as well as the popular laptop computers they assemble for the leading global consumer electronics designer.

*Heat sink products.* We expect to continue to supply the Foxconn Companies with various models of heat sink products destined for personal computers and game consoles under many of the world's famous electronics brands. In addition, we began testing and trial operation of a third production plant in Zengcheng, Guangzhou in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies, which represents a new operation for us. We have been gradually increasing production and we expect orders from the Foxconn Companies for heat sink products to be stable in the near future.

*New products.* Based on ongoing mutual discussion and understanding, we currently have preliminary plans to manufacture certain new products to supply to the Foxconn Companies for their further assembling of various end-products for the leading global consumer electronics designer, including aluminum cases and stands for integrated desktop computers and aluminum unibody chassis for the popular laptop computers. These future plans will require substantial capital expenditures, which we plan to partially fund by a portion of the proceeds from this Global Offering.

As the volume of purchase orders from the Foxconn Companies continues to grow, and as we supply an increasing variety of products to the Foxconn Companies, we believe that we have become an increasingly important supplier to the Foxconn Companies, particularly with respect to certain end-products by the leading global designer. For example, the Foxconn Companies estimate that the aluminum unibody chassis and plates supplied by us for purposes of the multimedia tablets accounted for over 50% of such devices assembled by the Foxconn Companies since the year ended September 30, 2011. As such, in the context of a fast-paced global consumer electronics supply chain calendar, we believe our business relationship with the Foxconn Companies, particularly with respect to end-products by such leading global designer, will remain stable and continue to strengthen. In addition, since the selling prices of the products we supply to the Foxconn Companies

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are set at the beginning and only adjusted periodically in accordance with movements in the benchmark aluminum ingot price on a rolling basis, as described in “—Customers, Sales, Marketing and Distribution—Pricing and Sales” below, we believe the pricing levels and profit margins of the products we supply to the Foxconn Companies will remain stable. We confirm that, as of the Latest Practicable Date, there was no indication from the Foxconn Companies to request that we lower the prices of our products other than pursuant to the agreed price adjustment mechanism, and we had no reason to believe that the Foxconn Companies would make such request.

We believe that the Foxconn Companies are in good financial health and therefore likely to have continued and sustained demand from their own customers. In addition, we believe the diversity in the product types we supply will contribute to the stability of future sales orders from the Foxconn Companies, since the demand for each type of end-product is subject to its own market forces.

We believe our relationship with the Foxconn Companies has significantly contributed to our transformation from a traditional aluminum extruder to a diversified aluminum product manufacturer with an edge in the consumer electronics sector. In the process, we believe we have accumulated valuable experience and technical expertise with respect to high-precision and high-quality aluminum products and established name among recognition in the industry, particularly the consumer electronics sector. We believe we are among a few manufacturers in our industry in China that employ the advanced CNC machining centers to produce aluminum parts for some of the world’s most popular consumer electronic devices on a large scale. If, however, there should be any unforeseen decrease in purchase orders from the Foxconn Companies, we intend to carry out a number of contingency measures to seek cooperation with other manufacturers in the broad consumer electronics industry to supply high-precision aluminum parts. We have kept ourselves apprised of the latest developments in the aluminum industry and of our potential customer base by, for example, reaching out to and keeping regular contacts with various industry players and commercial partners from time to time and attending or hosting industry events, conferences and exhibitions. We intend to continue this practice and identify new markets or new customers that may be of interest to us, which we will carefully assess. With our history operating in the aluminum industry, and with the experience of our management (in particular, Mr. Marcus Pan’s over 21 years of experience in the aluminum industry), we are aware of viable alternative business opportunities. We are confident that we would be able to establish alternative customer relationships in the Electronic Parts segment based on our technical expertise and experience, existing large-scale production capacity (particularly CNC processing capacity) and our reputation and track record as a supplier to the Foxconn Companies. Our relevant production facilities (including machinery purchased from the Foxconn Companies) are capable of being re-programmed and re-deployed to produce the alternative products for new customers. CNC machining centers are versatile and used in a wide range of industries, including electronics (e.g., casings and chassis of multimedia tablets, mobile phones, camera parts and computer hard disk parts), automobile and medical equipment. They can also process materials other than aluminum (such as alloys of magnesium, copper, brass, bronze and tin as well as timber, plywood, fiber boards and plastic), with a new set of drill and related components and computer programming.

### Purchase of machinery

In establishing our CNC plant, we purchased a portion of our CNC machining centers from the Foxconn Companies in 2011. Pursuant to the 2011 machinery purchase agreement, the Foxconn Companies are obligated to provide one-year free after-sale technical assistance to us with respect to such machinery, including training our staff and providing regular hardware and software updates and repair and maintenance.

As part of our plan to expand our CNC processing capacity, we purchased additional CNC machining centers from the Foxconn Companies in 2012. The 2012 machinery purchase agreement also contains terms under which the Foxconn Companies will provide limited after-sale technical assistance to us with respect to such machinery. In addition, the Foxconn Companies undertake to



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order from us aluminum parts fabricated using the CNC machining centers under the 2012 machinery purchase agreement for three years, provided that (i) their in-house capacity is insufficient to process relevant orders they have received; (ii) our capacity is sufficient; and (iii) the price of our CNC Products is lower than their in-house production cost. As we understand that the Foxconn Companies substantially reduced their relevant in-house CNC production capacity as a result of their sale of CNC machining centers to us, and as we believe our ability to smelt and reuse the scrap aluminum created as a by-product of our production processes provides us with a significant cost advantage compared to the Foxconn Companies' in-house production, we believe that the above conditions are satisfied. As advised by Jingtian & Gongcheng, our PRC legal advisers, according to the 2012 machinery purchase agreement, in the event of a breach of this undertaking, the Foxconn Companies shall indemnify us for any of our loss incurred therefrom and be obliged to continue to perform the agreement. We believe this undertaking is an indication of our deepening business relationship with the Foxconn Companies and, as part of our business development efforts, we continue to discuss with the Foxconn Companies on an ongoing basis information regarding their in-house production cost and capacity to ensure fulfillment of the conditions. We believe the relevant facts on capacity and cost constitute the economic basis for the Foxconn Companies' partial outsourcing of the relevant production to us. However, the Foxconn Companies' orders of Electronics Parts from us are not made *pursuant to* this undertaking, and even if the conditions to the undertaking are not met, the Foxconn Companies may continue to order from us on a discretionary basis, as they have done since the commencement of our business relationship with them.

The CNC machining centers we purchased from the Foxconn Companies are slightly used, for up to 18 months. The pricing terms are on a normal commercial basis, reflecting a discount of accumulated depreciation from the original cost. Generally, a CNC machining center has a useful life of more than 10 years. The CNC machining centers we purchased from vendors other than the Foxconn Companies are brand new and the pricing terms are also on a normal commercial basis. We enjoy one-year free repair and maintenance for all of our CNC machining centers, and expect the repair and maintenance cost of our CNC machining centers to be low after the free period. We are not, and we do not expect to be in the future, entitled to any government tax benefits relating to our CNC machining centers.

Our machinery purchase agreements with the Foxconn Companies are distinct from the five-year supply agreement of Electronics Parts. We are not obligated to deploy machinery purchased from the Foxconn Companies to exclusively manufacture products to supply to the Foxconn Companies. Our machinery, including CNC machining centers currently deployed to process electronics parts to supply to the Foxconn Companies, can be re-deployed as we may decide within a short period of time to produce similar or different products that require processing of a similar technical nature for other customers and for other types of end-products. For example, a CNC machining center can be re-programmed to process aluminum products of a new set of specifications, and the re-programming will require from a few days to a week, depending on the complexity of the new specifications. Thus far, however, we have only used our CNC machining centers to process parts for the Foxconn Companies to be used in the products of a leading global consumer electronics designer.

### ***Branded OPLV Products***

Our Branded OPLV Products include mid- to high-end door and window frames primarily targeting end-customers in the residential property decoration and remodeling market in China. Our Branded OPLV Products are primarily marketed under our "OPLV" ("澳普利發") brand and sold through our OPLV Distributors in China. Some of our Branded OPLV Products are sold directly to end-customers, generally through referral from OPLV Distributors.

Due to China's large geographical expanse, the end-customers of our Branded OPLV Products are located in different regions of very different climates and require varying functionalities from our Branded OPLV Products. For example, double windows are standard in the North, where the winter is

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colder and longer, but are rare in the South. Waterproof characteristics in our products cater to our customers in the South, where humidity is higher. In addition, our clientele in different regions may have different aesthetic tastes. Our R&D and sales teams work closely together to identify such differences in customer preference and constantly apply design changes to our Branded OPLV Products.

We design, produce and sell our Branded OPLV Products as ready-to-install, integrated systems. With respect to each design, we manufacture the aluminum extrusion frames and select, from third-party suppliers, accessories, such as bars, hinges, tracks, handles and rollers, that we believe work best together with our aluminum extrusion frames, both functionally and aesthetically, and package and sell them together on a per unit basis, measured by square meters. This represents a departure from the conventional pricing mechanism in the aluminum extrusion industry, by which aluminum door and window frames are sold in bulk and priced on the weight of aluminum content. We believe this approach helps differentiate our Branded OPLV Products from competition.

With our Branded OPLV Products, we have abandoned the traditional weight-based pricing practice in favor of per unit pricing, measured by square meters. We believe that the shift to per unit pricing reflects the fact that our Branded OPLV Products are designed and sold as systems rather than standardized bulk supplies for interior decoration. We believe that as systems our Branded OPLV Products offer our customers and end-customers more value, and we believe the per unit pricing of these products allows us to reflect such value in price. Our OPLV Distributors purchase from us at agreed discounts to our suggested retail prices, which are subject to adjustment by us. These discounts vary depending on the spot market price of aluminum ingots, and we may increase or decrease the discount to reduce the impact of price fluctuations on us. We sell our Branded OPLV Products primarily through our OPLV Distributors under contractual arrangements, which are described in more detail below.

### *Relationship with Our OPLV Distributors*

We sell our Branded OPLV Products primarily to our OPLV Distributors in China, who either further distribute these products to sub-distributors or operate retail stores to sell them to end-customers directly. Our OPLV Distributors may also refer end-customers to us to make direct purchases of Branded OPLV Products. Our end-customers are primarily household users. We select our OPLV Distributors based on their industry experience, demonstrated sales capability, financial condition, creditworthiness and compatibility with our vision and business strategies. With respect to each OPLV Distributor, we enter into a number of standard contracts, or OPLV Distribution Agreements, that govern our relationship. We do not have long-term contracts with our OPLV Distributors, and we typically negotiate and enter into distribution agreements with them for terms ranging from 12 to 58 months, renewable by mutual agreement and unilaterally terminable by us upon the occurrence of specified breaches by the OPLV Distributors.

The key commercial provisions of our OPLV Distribution Agreements include:

- *Designated sales region.* We typically designate one OPLV Distributor to operate in one sales region, which typically comprises the administrative area of a city, and our OPLV Distributors are prohibited from making sales outside their respective sales regions, although very occasionally we may make exceptions upon request by our property developer or construction contractor customers on the basis of our business relationship with them.
- *Minimum purchase targets.* We generally require a new OPLV Distributor to commit to developing a guaranteed minimum number of sub-distributors or retail stores and making a guaranteed minimum annual purchase from us for distribution in its designated sales region, failing which we may engage another distributor for that region. We do not have the right to inspect our OPLV Distributors' sales reports under our OPLV Distribution Agreements.

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- *Payment.* We require that a certain percentage of the price for each purchase order, typically 20%, be paid in advance as is normal practice in our industry, with the rest of the purchase price paid upon delivery. Our sales to our OPLV Distributors are final, and we recognize revenue upon delivery of our products.
- *Returns.* We are not subject to any right of return or sell-back, guarantee of minimal resale value or other similar right of our OPLV Distributors that would place on us any residual risk of ownership with respect to the goods sold, or obsolete stock held by our OPLV Distributors. We may accept exchange requests from our OPLV Distributors for quality reasons in the normal course of business.
- *Non-compete.* Our OPLV Distributors may also distribute other products, but may not, subject to case-by-case exceptions, distribute products by other manufacturers which may compete with ours.
- *Inventory reports.* We have the right to obtain inventory reports from our OPLV Distributors upon request, though we typically do not make such requests as all sales are final and on a cash basis.

We have an obligation to supply to our OPLV Distributors according to their purchase orders confirmed in writing by us.

The following table sets forth our sales and exchanges of Branded OPLV Products during the Track Record Period.

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in thousands)		
Sales of Branded OPLV Products .....	129,397	182,705	258,199
Value of Exchanged Branded OPLV Products .....	637	250	549

Each of our OPLV Distributors is an Independent Third Party and is not our agent, partner or employee. We believe that the distributorship model, while not a norm in this industry in China, has helped us market our Branded OPLV Products cost-effectively because it relieves us from incurring set-up and overhead costs associated with establishing a retail network in a large country like China.

The following table sets forth the turnover in the number of our OPLV Distributors during the Track Record Period:

	Year ended September 30,		
	2010	2011	2012
<b>Number of OPLV Distributors</b>			
Beginning of period .....	203	424	589
Additions .....	227	248	133
Terminations .....	(6)	(83)	(145)
End of period .....	424	589	577

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The following table sets forth the age profile of our OPLV Distributors as of the dates indicated:

Number of OPLV Distributors	As of September 30,		
	2010	2011	2012
Relationship less than 1 year . . . . .	227	248	133
Relationship between 1-2 years . . . . .	170	222	235
Relationship 2 years and above . . . . .	27	119	209
<b>Total</b> . . . . .	<u>424</u>	<u>589</u>	<u>577</u>

We began to develop our OPLV distribution network in the year ended September 30, 2008 and rapidly expanded the network. We continued the rapid expansion over the year ended September 30, 2010 with a net increase of 221 OPLV Distributors. For the year ended September 30, 2011, we grew our OPLV distribution network at a more stabilized rate of 39%, with a net increase of 165 OPLV Distributors. For the year ended September 30, 2012, we had a net decrease of 12 OPLV Distributors from 589 to a total of 577 as we consolidated our distribution network by discontinuing relationships with underperforming distributors and solidifying relationship with long-term distributors. As illustrated above, the number of distributors with which we had a relationship of two years and above increased from 119 as of September 30, 2011 to 209 as of September 30, 2012, during which period our OPLV Product sales also improved.

As an incentive, we grant monthly rebates to our OPLV Distributors based on cumulative purchase volumes in the preceding month. Such rebates typically amounted to around 13% on average during the Track Record Period based on order amounts. We net off the rebates from the revenue of Branded OPLV Product sales. We may also provide marketing assistance to our OPLV Distributors. We make regular visits to our OPLV Distributors, typically twice a month, and assess their performance on a number of criteria, including inventory level, market reputation and others.

### ***Construction and Industrial Products***

Our Construction and Industrial Products primarily include exterior and interior decoration components and materials for residential and office buildings and other architectural structures, including curtain wall systems, panels, louvers, mullions, grilles, sunscreens, canopies and door and window frames (similar in nature to our Branded OPLV Products to an extent but designed, marketed and sold differently, particularly as our Branded OPLV Products are designed and sold as integrated systems). Our Construction and Industrial Products are sold with mill finish or complex finishes that require multiple steps of surface processing, including anodized finish, wood-effect coating, electrostatic coating, powder coating and fluorocarbon spray coating.

We target mid- to high-end hotels, residential developments and other real estate projects in China, Hong Kong and our overseas markets. Our products have been used in some major construction projects and other major hotel and residential development projects in Hong Kong, Macau and China. Going forward, we intend to continue to bid for such large construction projects.

Our Construction and Industrial Products also include plain, resizable, large-section and high-precision aluminum profiles as parts and components of products used in various other industries, including medical devices, toys, home appliances, furniture and automobiles. All such products are manufactured on a customized basis in accordance with our customers' specifications. We expect to continue to develop new types of industrial products as technologies and market trends evolve, with a focus on high-precision products such as advanced medical devices, bicycle and automobile parts and solar panel frames.

As an industry practice, the price of aluminum extrusion products is determined on a "cost-plus" basis, comprising the price of aluminum per kilogram at prevailing benchmark rates and a negotiated per kilogram processing fee. We follow the industry practice and price our Construction and Industrial

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Products on a weight-based “cost-plus” basis. See “—Customers, Sales, Marketing and Distribution—Pricing and Sales” below.

### *Relationship with P & O Group and Oceanic*

#### Disposals

In the past, we had certain subsidiaries in Australia, which included P & O Group and Oceanic, through which we conducted our sales of Construction and Industrial Products to Australia. In 2009, due to a strategic shift of our business focus to the Greater China market, we sold all of our holdings in P & O Group and Oceanic.

Immediately before the disposal of these subsidiaries, P & O Group was wholly owned by us and wholly owned P & O Rolled Products and five other operating subsidiaries in Australia; Oceanic was held as to 75% by Super Result Limited (“Super Result”), a company wholly owned by us. The remaining 15% and 10% of Oceanic were held by Flying Century Limited and Win Win Way Limited, respectively, which we understand were wholly owned by Mr. Martin Yunzhong Chen, a director of P & O Group, P & O Rolled Products and Oceanic.

P & O Group, Oceanic and P & O Rolled Products are trading companies that purchase products from us and on-sell the products to customers in Australia. We understand that such customers include building materials distributors and manufacturers in the window and door, caravan, security system, automobile and railroad industries. None of these customers have any past or present shareholding, family and trust relationship with our Company, our subsidiaries, our Directors, Shareholders, senior management or any of their respective associates.

We sold Super Result to Mr. Li Shuxiong on May 31, 2009, P & O Rolled Products to Smart Decision Trading Limited (“Smart Decision”) on December 30, 2009 and P & O Group to Joy Group Pacific Limited (“Joy Group”) on December 31, 2009, as further described below. Mr. Li is a cousin of Mr. Marcus Pan and at the respective time of disposal, according to our knowledge, Smart Decision was owned by Mr. Li, Mr. Liu Zhifen, a director of P & O Group, and Zealweek Pty Limited, an Independent Third Party, as to 35%, 35% and 30%, respectively, and Joy Group was wholly owned by Mr. Liu.

On May 31, 2009, PanAsia Enterprises (BVI) transferred all its interest in Super Result to Mr. Li at a consideration of A\$312,672, which was determined with reference to the net book value of Super Result at the time of such transfer, and settlement of shareholders’ loan of US\$575,142. We understand that Mr. Li subsequently sold Super Result to Joy Group on December 31, 2009, as a result of which both P & O Group and Oceanic were owned by Joy Group which was in turn owned by Mr. Liu.

On December 30, 2009, P & O Group transferred its entire interests in P & O Rolled Products to Smart Decision at a consideration of A\$10,000, which was determined after arm’s-length negotiations based on the business operations of P & O Rolled Products at that time in Australia as its net book value was negative at the time of such transfer.

On December 31, 2009, PanAsia Enterprises (BVI) transferred all the issued shares of P & O Group to Joy Group at a consideration of A\$300,000, which was determined after arm’s-length negotiations based on the then business operations of P & O Group (including its five remaining operating subsidiaries in Australia) as its net book value was negative at the time of such transfer.

Given that at the time of disposal, P & O Rolled Products and P & O Group were indebted to PanAsia Enterprises (BVI) in the amount of approximately HK\$177 million, certain share buy back agreements were entered into among the respective parties on the same day of such sales (“Share Buy Back Agreement(s)”), pursuant to which Smart Decision and Joy Group agreed, among

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others, not to create any encumbrance on or sell or dispose of the shares of P & O Rolled Products and P & O Group, respectively. Further, a right of first refusal was granted by Smart Decision to P & O Group and Joy Group to PanAsia Enterprises (BVI). In the event of an offer to purchase the shares of P & O Rolled Products or P & O Group being tendered by a third party, P & O Group or PanAsia Enterprises (BVI), as the case may be, is entitled to buy back the respective shares of P & O Rolled Products or P & O Group, on terms which are no less favorable than those offered by such third party. The Share Buy Back Agreement entered into among Joy Group, PanAsia Enterprises (BVI) and P & O Group were subsequently cancelled on March 8, 2010 following our refusal to Joy Group to buy back the shares of P & O Group as a result of an offer to purchase the shares of P & O Group being tendered by a third party. We understand that Joy Group was subsequently sold by Mr. Liu to an Independent Third Party on July 30, 2010. As we had disposed of P & O Group to Joy Group on December 31, 2009, we no longer have any interest under the Share Buy Back Agreement in respect of PanAsia Rolled Products after such disposal. We understand that Mr. Liu and Mr. Li had sold all their interests in Smart Decision to such Independent Third Party in July 2010 and January 2012, respectively. We understand that as of the Latest Practicable Date, this Independent Third Party, through its interests in Joy Group and Smart Decision, was interested in the entire equity interests in P & O Group and Oceanic and 70% of the equity interest in P & O Rolled Products. Mr. Liu was re-employed as the general manager of one of our subsidiaries from August 2010 until his resignation in early 2012.

### Continuing trade relationship

Concurrent with the sale of P & O Group, we entered into an exclusive supply agreement with Joy Group (then wholly owned by Mr. Liu), the buyer, and the local subsidiaries of P & O Group, pursuant to which we agreed to sell to them, and they agreed to purchase exclusively from us, aluminum-related products for a period of 10 years. Due to the large amount of intra-group receivables due from these companies at the time of disposal, and because these former subsidiaries had previously only been supplied by us, we requested that they enter into the exclusive supply agreement to protect our interest. In return for the exclusive supplier status, we granted favorable credit terms of 90 days to these companies. Shortly after the disposal, in January 2010, in order to secure timely and full payment, we also entered into (i) a deed of debenture pursuant to which all of the assets of Joy Group were charged in favor of us to secure trade debts owed to us by Joy Group and the local subsidiaries of P & O Group as of the date of the debenture, (ii) a deed of guarantee and indemnity pursuant to which Joy Group guaranteed all debts due to us from P & O Group and to indemnify us against losses arising from the exclusive supply agreement, and (iii) a deed of charge pursuant to which P & O Group and the local subsidiaries of P & O Group charged all their assets to us. As of July 2010, Joy Group's obligations under the debenture, the guarantee and indemnity and the charge were released and discharged, as we confirmed that the relevant trade debts had been fully settled in cash.

In May 2010, the exclusive supply agreement was varied so that P & O Group would no longer purchase aluminum extrusions from us exclusively, and we continued to sell our products to it on a non-exclusive basis. The removal of the exclusive trade relationship was requested by P & O Group, as the Australian government began to impose anti-dumping and countervailing duties on our products exported to Australia, which were payable by the importers of our products such as P & O Group, creating a hardship for P & O Group. For the five months ended May 31, 2010, which is the period when we supplied P & O Group on an exclusive basis, we made sales to P & O Group of HK\$165.7 million. After the termination of the exclusive trade relationship, we made sales to P & O Group of HK\$91.5 million, HK\$351.1 million and HK\$368.0 million for the four months ended September 30, 2010 and the years ended September 30, 2011 and 2012, respectively. Our sales to P & O Group generally increased despite the termination of exclusivity, as P & O Group chose to continue to purchase from us. Even though the anti-dumping and countervailing duties were levied on the importers of our products rather than us, they effectively increased the prices of our products and put us at a disadvantage relative to local producers. For a detailed analysis on the duties' impact on our exports of Construction and Industrial Products, see "Financial Information—Key Factors Affecting Our Results of Operations—Anti-dumping and countervailing duties" and "—Combined

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Statements of Comprehensive Income—Revenue” on page 172 and 180, respectively, in this prospectus.

Concurrent with the sale of P & O Group, at the request of the buyer who wished to maintain business continuity despite the change of ownership, we also granted the buyer a non-exclusive license so that P & O Group could continue to use the trade name “PanAsia.” Under the license agreement, we charged the buyer a monthly license fee equal to 1% of its monthly turnover. The rate was adjusted to 0.1% of the buyer’s monthly turnover by mutual agreement on April 1, 2010, also in the wake of the imposition of anti-dumping and countervailing duties on our exported products to Australia that negatively affected P & O Group. The licensing arrangement continued for a period, when P & O Group continued to conduct trade relationships with its customers under the PanAsia name while beginning to purchase products from other manufacturers following the variation of the exclusive supply agreement with us. It was then terminated in September 2011 by mutual agreement that there was no longer a strong business rationale for it and that P & O Group would use another trade name. P & O Group changed to its current name in October 2011. We received total license fee income during the Track Record Period of HK\$1.4 million from this arrangement with P & O Group.

Prior to the disposals, we conducted considerable business through P & O Group and Oceanic. For the year ended September 30, 2010, we derived HK\$15.0 million in profit from sales conducted by P & O Group (for three months only, since we disposed of P & O Rolled Products, a subsidiary of P & O Group, and the rest of P & O Group in a series of transactions at the end of December 2009). Additionally, based on our understanding of the operations of the P & O Companies, the Joint Sponsors’ due diligence work and advice received by us from the P & O Companies, we believe our sales to the P & O Companies are backed by actual orders from their customers.

The P & O Companies are currently one of our major customers and we derive a significant portion of our revenue from sales to the P & O Companies. For the years ended September 30, 2010, 2011 and 2012, our revenue derived from sales to the P & O Companies amounted to HK\$402.0 million, HK\$624.0 million and HK\$629.1 million, respectively. For the same periods, our gross profit from sales to the P & O Companies was HK\$104.3 million, HK\$181.8 million and HK\$163.2 million, respectively, resulting in gross profit margins of 26.0%, 29.1% and 25.9%, respectively. For the same periods, the gross profit margins of sales to other customers in Australia were 35.3%, 48.5% and 42.3%, respectively.

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The table below sets forth a profitability analysis of our sales to the P & O Companies and other customers in Australia by timing and by the various product types as indicated.

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Gross profit and gross profit margin of Australia sales</b>						
<i>Prior to imposition of duties</i>						
All goods	121.7	30.8%	—	—	—	—
<i>Post imposition of duties</i>						
Ready-for-sale goods (not subject to duties)	9.2	48.9%	44.3	52.2%	38.6	44.8%
P & O Companies	—	—	—	—	—	—
Other customers	9.2	48.9%	44.3	52.2%	38.6	44.8%
Semi-finished goods (not subject to duties)	8.3	9.9%	47.2	17.6%	64.6	22.7%
P & O Companies	8.3	9.9%	41.7	16.2%	59.6	22.2%
Other customers	— <sup>(1)</sup>	23.8%	5.5	49.5%	5.0	30.5%
Goods subject to duties	62.9	34.5%	143.0	37.7%	103.9	28.7%
P & O Companies	54.6	37.0%	140.0	38.2%	103.6	28.7%
Other customers	8.3	24.1%	3.0	23.8%	0.3	27.3%
<b>Total</b>	<b>202.1</b>	<b>29.8%</b>	<b>234.5</b>	<b>32.0%</b>	<b>207.1</b>	<b>28.3%</b>

*Note:*

(1) Less than HK\$50,000

The gross profit margins for other customers in Australia in the year ended September 30, 2011 were high primarily because (i) we began to sell assembled, “ready-for-sale” products to Australia not subject to the anti-dumping and countervailing duties as a response to the duties and (ii) the prices included consultancy fees in relation to new product development, packaging, logistics and related arrangements. Additionally, the gross profit margins for sales to our former subsidiaries in Australia were not as high as for other customers due in part to volume discounts that we provide to the P & O Companies for their large-scale purchases of our product, and because the P & O Companies act as an Australian distributor for our products, on-selling semi-finished products to other Australian manufacturers, whereas most of our other customers in Australia purchase finished goods for sale to end-customers. We introduced the volume discounts in the year ended September 30, 2010 as we changed our business model in Australia by disposing of our former subsidiaries and the P & O Companies began to purchase our products as a customer in large quantities. The volume discounts are determined on a quarterly basis as a percentage of our processing fee, following a progressive schedule tied to the sales volume of the previous quarter and adjusted by the complexity of our processing, which ranged between 10% to 40% during the year ended September 30, 2010. During the following year that ended September 30, 2011, we lowered the levels of the volume discounts and capped them at 15% so that the sales prices of our products exported to Australia could comply with the anti-dumping and countervailing rulings that had been imposed by the Australian authorities. For the years ended September 30, 2011 and 2012, the volume discounts ranged from 5% to 15% and 5% to 10%, respectively. During the Track Record Period and up to the Latest Practicable Date, such volume discounts only applied to the P & O Companies and not to other customers, whose order volumes were smaller. The gross profit margin for sales to other customers in Australia decreased in the year ended September 30, 2012 as market competition increased and consultancy fees decreased after the consultant became less involved following the introduction of new products. We understand from the P & O Companies that their performance has been in line with the general aluminum extrusion industry in Australia, which has contracted during the Track Record Period.



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As a major customer, we grant the P & O Companies a credit term of 90 days. As of September 30, 2010, 2011 and 2012, we had trade receivables due from the P & O Companies of HK\$247.3 million, HK\$284.8 million and HK\$348.7 million, respectively. As of the same dates, HK\$121.8 million, HK\$155.9 million and HK\$225.0 million, respectively, of our trade receivables from the P & O Companies were overdue. For the years ended September 30, 2010 and 2011 and 2012, our average trade receivables turnover days for trade receivables from the P & O Companies were 112, 156 and 184, respectively. The high balances of trade receivables owed to us by the P & O Companies are attributable to a number of reasons. The 90-day credit term we grant to the P & O Companies had historically commenced from shipment, and shipping from our production base in China to Australia requires approximately 30 days, effectively shortening the time period within which the P & O Companies could sell such goods to their own customers to generate cash flow to settle the relevant trade debts with us. Additionally, we understand from the P & O Companies that the effects of its inventory policies and receivable days from its own customers have also compromised its ability to settle trade debts with us within the credit term. We understand that the P & O Companies experienced lengthened receivable days from some of its customers in the construction industry in Australia where market conditions were challenging during the relevant time. For details on our trade receivables due from the P & O Companies, see “Financial Information—Current Assets and Current Liabilities Analysis—Trade Receivables—Net” on page 197 of this prospectus.

### Our Production Facilities

All of our production facilities are located in Zengcheng, Guangzhou, Guangdong Province, China. Our main plant occupies a site area of approximately 129,133 square meters. We commenced production in our main plant in 1998. As our business continues to grow, we will continue to monitor our exposure to business disruption risks in our production base, and may formulate business continuity or disaster recovery plans that are commensurate with the size and nature of our business. We monitor the availability of the labor supply to prevent disruption to our business and work with our third party staffing company to ensure sufficient workers are available. We also maintain electric power generators to mitigate the effects of any power supply disruption.

All of our products except our CNC Products are manufactured through the aluminum extrusion facilities in our main plant. As of September 30, 2012, we had an annualized aluminum extrusion capacity of 108,000 MT. The following table sets forth details of our production capacity, production volume and utilization rate of our main plant during the Track Record Period:

	Year ended September 30,		
	2010	2011	2012
	(MT, except percentages)		
Production capacity <sup>(1)</sup> .....	65,000	85,000	108,000
Production volume .....	51,579	68,587	88,510
Utilization rate <sup>(2)</sup> .....	79%	81%	82%

*Notes:*

(1) Calculated as the maximum aggregate extrusion capabilities of our extrusion lines on the basis of 22 hours a day (two worker shifts), 26 days a month in the relevant period.

(2) Equals total actual production volume divided by total capacity.

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The following table sets forth number of units and total capacity of our principal production equipment in our main plant as of September 30, 2012 and approximate utilization rates during the Track Record Period:

<u>Production equipment</u>	<u>Number of units</u>	<u>Total capacity<sup>(1)</sup></u> (MT)	<u>Approximate utilization rate during the Track Record Period<sup>(2)</sup></u> (%)
Smelting furnace . . . . .	7	114,885	95
Casting machinery . . . . .	4	114,885	95
Oxidization tanks . . . . .	13	25,000	43
Aging furnace . . . . .	14	108,000	78
Aluminum extrusion press . . . . .	22	108,000	84
Profile shaping machinery . . . . .	5	10,000	77
Oil-coating line . . . . .	1	5,000	56
Powder-coating line . . . . .	3	15,000	93
Chromium line . . . . .	1	20,400	84
Polishing machinery . . . . .	2	2,000	36
Precision saw line . . . . .	22	52,000	68
Hole punching and bending post-processing line . . . . .	32	6,000	65
Welding line . . . . .	13	5,900	51
Fencing machinery <sup>(3)</sup> . . . . .	2	3,000	33

*Notes:*

- (1) Calculated as the maximum processing capacity on the basis of 22 hours a day (two worker shifts), 26 days a month.
- (2) Equals total actual production volume divided by total capacity.
- (3) The utilization rate of our fencing machinery is relatively low as orders requiring use of this specialized machinery are relatively infrequent.

We have a comprehensive range of 600 MT to 4,350 MT aluminum extrusion presses. Our production lines can produce large-section aluminum extrusion products of up to 450mm in length diagonally.

In October 2011, we commenced operations at a new plant, or the CNC plant, in the vicinity of our main plant to manufacture the high-precision, high-value-added CNC Products. The CNC plant occupies a site area of approximately 36,095 square meters, and was equipped with 692 CNC machining centers (excluding one for training) as of the Latest Practicable Date, of which 500 were purchased from the Foxconn Companies and the remainder were purchased from other independent suppliers. As of September 30, 2012, we had purchased and received 500 and 193 CNC machining centers from the Foxconn Companies and other independent suppliers, respectively. Pursuant to the relevant machinery purchase agreements, the Foxconn Companies have the obligation to provide us with one-year free technical assistance with respect to such machinery, including staff training and machinery maintenance. We currently devote all of the processing capacity of our CNC plant to the fabrication of the aluminum unibody chassis for the popular multimedia tablets to supply to the Foxconn Companies. As of the Latest Practicable Date, the annualized production capacity of our CNC plant was 45.7 million such chassis per year.

The following table sets forth our annualized CNC production capacity as of the dates indicated:

	<u>As of September 30, 2012</u>	<u>As of the Latest Practicable Date</u>
Number of CNC machining centers . . . . .	657	692
Annualized production capacity (million units) <sup>(1)</sup> . . . . .	43.4	45.7

*Note:*

- (1) Calculated as the maximum processing capacity on the basis of 20 hours a day (two worker shifts), 26 days a month.

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The following table sets forth details of our production capacity, production volume and utilization rate of our CNC plant for the year ended September 30, 2012.

	Year ended September 30, 2012
	(million units, except percentages)
Actual production capacity <sup>(1)</sup> .....	26.7
Actual production volume .....	22.0
Utilization rate <sup>(2)</sup> .....	82%

*Notes:*

(1) Calculated as the maximum processing capacity on the basis of 20 hours a day (two worker shifts), 26 days a month.

(2) Equals total actual production volume for the relevant period divided by production capacity.

We began testing and trial operation of a third production plant in Zengcheng, Guangzhou in July 2012 to assemble cooling components for personal computers to supply to the Foxconn Companies. Our new capital expenditure for this factory was approximately RMB2.6 million as of September 30, 2012, which we funded with internal resources.

Our production facilities include production equipment and machinery manufactured in the United States, Japan, Germany, Italy and Switzerland as well as those in China. As part of our R&D efforts, our technicians continuously seek to make improvements to our facilities and our production processes in order to enhance production capacity and efficiency. We monitor and assess the capacity and utilization of our various production equipment on an ongoing basis and may decide to develop additional capacity to prevent constraints in any particular production procedure. There were no material production constraints due to the capacity of particular equipment during the Track Record Period.

### **Capacity Expansion**

We purchased an additional 225 CNC machining centers for our CNC plant beginning in March 2012, of which 200 were from the Foxconn Companies and 25 were from a PRC distributor of CNC machining centers manufactured by an Independent Third Party. These 225 additional CNC machining centers employ the same technology as our other CNC machining centers. We have devoted a large portion of these additional 225 CNC machining centers to the fabrication of the aluminum unibody chassis of the multimedia tablets, expanding our CNC processing capacity to an annualized 45.7 million units of such unibody chassis. We plan to use some of these CNC machining centers to fabricate cases for miniature desktop computers in the future.

The capital expenditure is approximately RMB65.1 million for the purchase of the 225 CNC machining centers. We have so far paid approximately RMB26.3 million from March 1 to September 30, 2012 and have committed to pay the balance in 12 monthly installments. The entire capital expenditure is to be funded with internal resources. As the CNC machining centers we purchased from the Foxconn Companies had been used for up to 18 months, the purchase price was discounted to account for depreciation. We purchased the other CNC machining centers manufactured by an Independent Third Party, as the Foxconn Companies were unable to sell us a sufficient number to meet our production needs. After accounting for the discount for depreciation, the CNC machining centers manufactured by the Independent Third Party were roughly the same price as those purchased from the Foxconn Companies.

We also have a preliminary plan to expand our aluminum extrusion capacity to approximately 150,000 MT per year over approximately three years. We have not yet taken concrete steps to expand our aluminum extrusion capacity. We will disclose future expansions of our aluminum extrusion capacity in interim or annual reports. See the section entitled "Future Plans and Use of Proceeds" on

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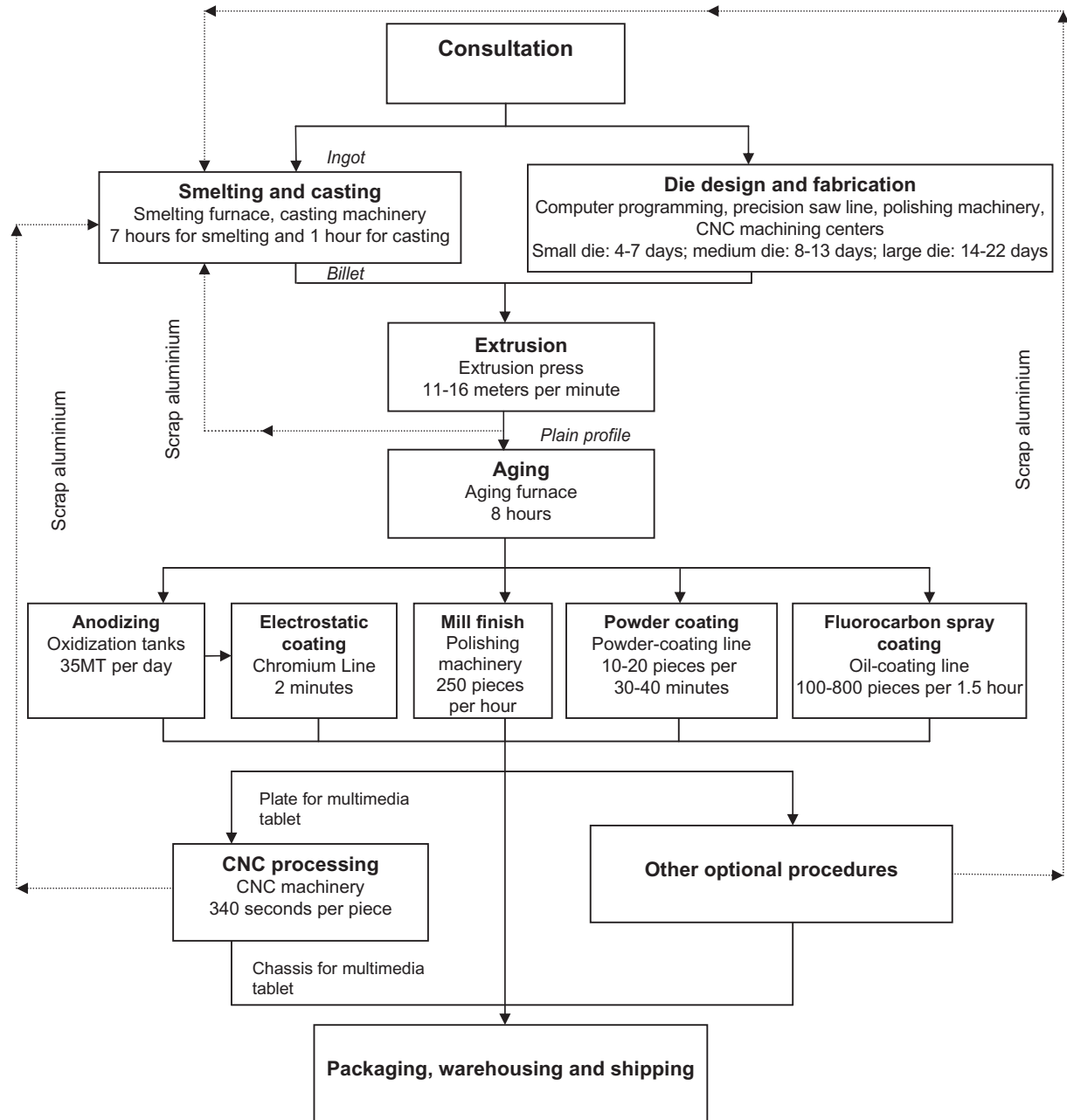
page 215 of this prospectus for a discussion of further capacity expansion and other capital expenditure plans we are currently contemplating.

## Our Production Process

We employ industry-standard, non-proprietary technical processes to produce most of our aluminum products. We also perform a number of special procedures to achieve particular effects as demanded by our customers.

### Production Process

The following flowchart demonstrates the major steps involved in our standard multi-step production process and the production equipment and indicative lead time involved during each step.



..... Recycling

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### *Smelting and Casting*

Apart from our Branded OPLV Products, which are manufactured according to our in-house designs without pre-sale customization, we engage in extensive consultations with the customer to understand the chemical and physical property, functional and aesthetic requirements expected of a product before we begin production. Based on the understanding, our alloy design team works with the customer to determine the most suitable aluminum alloy for the product. We then prepare the alloy by smelting raw aluminum, usually in the form of aluminum ingots or aluminum rods, mixing it with the chosen types of solutes, such as silicon and magnesium, in calculated amounts, and casting the resulting molten mixture into billets. We resize the billets to dimensions required by the final product.

In this smelting and casting procedure we employ high-precision and energy-saving smelters and production lines, which allow us to dictate precise levels of metal contents in our alloys and make easy adjustments from one batch to the next.

### *Die Design and Fabrication*

Following the pre-production consultations, our die design team works with the customer to design and fabricate the die which will determine the shape of the extrusion. We typically make a test die first, put it to a trial run and revise the drawing according to its performance. We repeat the process until we are satisfied with the results. The success rate of our trial run of test dies during the Track Record Period was approximately 82.6%. Based on the final design, we fabricate the production dies. Our dies are usually made of steel or steel alloy, which measure up to 650mm in diameter and 450mm in thickness. We are able to fabricate various styles of multi-hole dies, including dies capable of making eight extrusions at once. As of September 30, 2012, we had a total of approximately 33,000 fabricated dies for our various product lines. We believe the tested design and workmanship of our dies help ensure consistent quality in our aluminum extrusion products and improve production efficiency.

### *Extrusion*

Once we have prepared both the aluminum alloy and dies, we feed the aluminum alloy billets into a furnace, where they are heated to temperatures ranging between 450 and 520 degrees Celsius. We then feed the heated billets into an aluminum extrusion press, through the dies, forming aluminum extrusions of desired shapes.

### *Aging*

We send plain aluminum alloy profiles emerging from the extrusion procedure for an age treatment in order to improve the alloy's microstructure and hence its hardness and strength. For this procedure we use furnaces that can heat the profiles to 195-205 degrees Celsius for approximately 2.5-4 hours. If the profiles do not meet required hardness and strength specifications after cooling, we either return them to the furnaces for additional aging or anneal them at 220-235 degrees Celsius, to relieve stress and improve machinability.

We have comprehensive age treatment systems which include aging furnaces and cooling equipment.

### *Surface Treatment*

We then may coat semi-finished plain aluminum extrusion profiles in different finishes to enhance appearance and surface resistance against, depending on the treatment, abrasion, chipping, cracking, erosion, and impact. We make surface treatment choices, including mill finish, based on our customers' specific requirements. We are currently able to provide four kinds of surface processing, namely, anodizing, electrostatic coating, powder coating and fluorocarbon spray coating.

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*Anodizing.* Anodizing is an electrochemical process where plain aluminum profiles act as anodes under a static electric current and are oxidized, which creates on their surface a thin layer of aluminum oxide. We are currently able to produce anodized layers of 10-25µm in thickness and in the color of silver, bronze, and black, depending on the requirements of our customers. Aluminum oxide is an extremely hard, durable, and weather-resistant substance that protects the underlying metal. Once anodized, the aluminum extrusion is strengthened and protected against atmospheric oxidation and corrosion.

*Electrostatic coating.* Electrostatic coating is an electrochemical process where anodized aluminum profiles act as either the anodes or the cathodes, depending on the technology, and an opposite static electric charge is applied to a special water-soluble acrylic paint. Undergoing electrolysis, paint droplets “swim” through their solvent to and are deposited on the surface of the aluminum profiles, forming a highly consistent and erosion-resistant coating, which has a highly glossed and polished appearance and an easily cleaned surface. We are able to produce such electrostatic coatings in thicknesses and colors desired by our customers.

*Powder coating.* Powder coating is a process through which powder paint is sprayed directly onto degreased, chromized and heat-dried plain aluminum profiles, which melts under heat and forms a layer of paint on the surface of the profiles. Powder coating has several advantages over conventional, liquid paint-based coatings in cost, technical complexity and environmental impact and is widely applied on building materials. With an additional procedure involving pressure and heat and membranes of decorative patterns, we can achieve a wood-effect finish on the powder coating.

*Fluorocarbon spray coating.* Fluorocarbon paints are paints based on fluorocarbon resins, most commonly PVDF. Fluorocarbon spray coating substantially enhances resistance to abrasion, corrosion, atmospheric oxidation and weathering, and is generally applied to our high-performance Construction and Industrial Products.

### *Packaging, Warehousing and Shipping*

After the production process, we package the products and store them temporarily in our on-site warehouses before delivery to our customers. We deliver to our customers in China at our or their cost depending on their location. With regard to our export sales and sales to Hong Kong, we follow standard international trade practices and routinely accept FOB, CFR or CIF payments.

### **CNC Processing**

We currently use our CNC machining centers exclusively to produce the aluminum unibody chassis for a popular multimedia tablet to supply to the Foxconn Companies. To produce CNC Products, aluminum plates are cut by our high-precision saws into required specifications, after which the plates are further processed in two stages by our CNC machining centers, which carves highly accurate shapes and hollows on the plates. Since the cutting is digitally controlled by built-in computer programs, CNC processing features a high degree of precision with low default rates. The high precision and low default rates of CNC machining centers are crucial to our production process of high-precision products, such as the multimedia tablet chassis. We have inspections at each stage to ensure conformity with our customers’ design and specifications. We believe that we have accumulated know-how relating to CNC processing which, however, does not constitute any trade secret protectable by applicable PRC intellectual property laws, as advised by Jingtian & Gongcheng, our PRC legal advisers.

### **Other Optional Procedures**

In addition to our standard production process, we also conduct other optional procedures as required by our customers’ needs, such as thermal insulation.

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*Thermal insulation.* We use two methods to thermally insulate our aluminum extrusions, including door and window frames. The first method involves polyurethane injection machines, which we use to inject liquid polyurethane into aluminum profiles, which we subsequently debridge. The solidified polyurethane separates the aluminum profiles from the outer environment and helps reduce their thermal conductivity and enhance their structural properties.

Our second method involves applying thermal barrier strips to our aluminum profiles. We first insert an aluminum profile into a knurling machine to make teeth on the inner cavity of the profile to increase the grip between the thermal barrier strip and the aluminum profile. We then insert a thermal barrier strip into the groove and feed the profile through a rolling machine to help press and fasten the profile with the thermal barrier strip.

### **Recycling**

As a cost-efficient and environmentally friendly measure, we recycle substantially all of the scrap aluminum, as well as aluminum profiles that failed to meet the required specifications, produced in the course of our production processes by re-using it on certain of our production lines, instead of selling it at scrap price. We typically sort our scrap aluminum by quality and alloy composition prior to cleaning and smelting it for re-use.

### **Quality Control**

We consider product quality critical to our business and have put in place quality control measures throughout our production process. Our full-time quality control team, supervised by Mr. Li Junxi, our head of production, conducts physical and chemical examinations of raw materials, work-in-progress and final products before and after each major step in our production process to ensure that they meet our quality standards and our customers' specifications. At each quality control point, raw materials, work-in-progress or final products are sample-tested and those that do not pass our tests are scrapped immediately and recycled if possible as approved by our quality control team.

As of September 30, 2012, we had 209 full-time employees on our quality control team. Our quality control personnel have training and experience in chemistry, engineering or other relevant fields.

The AQSIQ authorities at various levels in the PRC regularly inspect our plant and facilities for compliance with PRC product quality laws and regulations. The AQSIQ authority in Zengcheng, Guangzhou, Guangdong Province (廣州市增城質量技術監督局), where our plants are located, certified to us in November 2011 that since 2008 our products had consistently met the relevant product quality and technical standards in its inspections and we had never been administratively sanctioned by it for any violation of product quality laws and regulations.

We have not received any material product liability claims from customers (including their distributors and end-customers) during the Track Record Period and up to the Latest Practicable Date.

### **R&D**

We consider strong R&D capabilities key to differentiating our products from those of our competitors and satisfying ever-evolving requirements from our customers. Our R&D efforts focus on the improvement of our manufacturing process, including alloy casting and die design technology, to enhance efficiency, reduce waste in our production process and maintain high utilization of our production facilities. These efforts cover all three of our product segments. Our R&D team also works closely with our production and sales teams to enhance our alloying and die design capabilities and expand the range of our product offerings. As of September 30, 2012, our R&D team consisted of 21 employees. We currently do not rely on or cooperate with any external parties in relation to R&D.

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The table below sets out certain examples of R&D projects relating to new product designs we carried out during the Track Record Period and the corresponding expenses:

<u>Year ended September 30,</u>	<u>Examples of R&amp;D projects</u>	<u>Total R&amp;D expenses for the year end</u> <u>(HK\$ in millions)</u>
2010 .....	Airtight window (model: T806B) Energy-saving art door (model: Aoyun 2010) Airtight sliding window (model: P6100E) Airtight sliding door (model: M120E)	7.2
2011 .....	Airtight sliding window (model: P4800D) Airtight sliding window (model: P4800B) Airtight window (model: T806D)	4.3
2012 .....	Electronic locker (series: SA)	6.4

### **Customers, Sales, Marketing and Distribution**

We sell our products to a large and diverse customer base for application in a variety of industries, including electronics, real estate and construction, medical devices and more. For the years ended September 30, 2010, 2011 and 2012, our five largest customers in aggregate accounted for 49.9%, 74.6% and 77.9% of our revenue, respectively, and our largest customer alone accounted for 28.0%, 37.6% and 45.7% of our revenue, respectively. See “Risk Factors—Risks Relating to Our Business and Industry—We have derived significant portions of our revenue from business with a few major customers, including in particular the Foxconn Companies and the P & O Companies, two groups of affiliated companies each of which we consider, collectively, as a major customer.”

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material defaults by our customers.

Other than disclosed above, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in our five largest customers during the Track Record Period.

### **Pricing and Sales**

As an industry practice, the price of aluminum extrusion products is determined on a “cost-plus” basis, comprising the price of aluminum per kilogram at prevailing benchmark rates and a negotiated per kilogram processing fee. We generally follow the Industry practice and price our products on the “cost-plus” basis by weight or, for our Branded OPLV Products and CNC Products, by unit. We quote the international LME benchmark for export and Hong Kong sales and primarily the Nanhai Lingtong for PRC sales, as Nanhai, located in Foshan, Guangdong province, is relatively close to our production base. For Construction and Industrial Products, we typically quote the benchmark price on the day we confirm the orders, except with respect to exports to Australia, where we typically quote a running 30-day average of the LME price when we confirm the orders. For the chassis (i.e., CNC Products) and plates for the multimedia tablets and laptops, we typically quote the five-day average benchmark price for the preceding week. For heat sink products, we typically quote the same-day benchmark price or the average benchmark price for the previous month. For Branded OPLV Products, we typically quote a running 30-day average of the benchmark price. The spot price of aluminum has fluctuated in the past. But since, as illustrated above, we include the price of aluminum as an inherent component in pricing our products, substantially all of the risks associated with the aluminum price fluctuation are passed on to our customers. For Construction and Industrial Products, although we do not make subsequent adjustments to the sales price, we believe our costs of inventory generally align with the average aluminum ingot price charged to our customers as we both purchase aluminum ingots and receive orders several times a week. Our average time lag in fulfilling orders is three weeks. For particularly large purchase orders, we generally immediately purchase the necessary raw materials. We determine the amount of our processing fees based on the complexity



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and sophistication of the product, the size of the order, our prior dealings with the customer and the overall market condition. We believe we can generally charge processing fees at a premium due to our product quality and value-added services complementary to our products.

The following table summarizes the various ways we quote benchmark aluminum ingot prices and price our different types of products:

<u>Product Type</u>	<u>Benchmark price quote</u>	<u>Pricing method</u>
<b>Construction and Industrial Products</b>		
Exports to Australia .....	Running 30-day average before order day	By weight
Others .....	Order day	By weight
<b>Electronics Parts</b>		
CNC Products .....	Five-day average for week before order day	By unit
Plates for multimedia tablets and laptops .....	Five-day average for week before order day	By weight
Heat sink products .....	Order day or daily average for month before order day	By weight
Branded OPLV Products .....	Running 30-day average before order day	By unit

We generally require customers of our Branded OPLV Products in China to pay us a 20% down-payment at the time of order and the full purchase price before or upon delivery, typically in cash or by bank transfer. We generally require our other customers to make payments by bank transfer payable within 45 to 90 days after delivery or by letters of credit payable at sight. We assess and provide credit terms to such customers on a case-by-case basis, taking into consideration order size, creditworthiness and prior dealing history. Such credit terms generally range from 45 to 90 days, and we currently grant only the P & O Companies and the Foxconn Companies a credit period of 90 days.

### ***Marketing and Distribution***

Currently, we pursue our sales and marketing efforts through three divisions: Branded OPLV Product sales, other domestic sales and international sales. Each division is headed by a general sales manager, who reports directly to our senior management. As of September 30, 2012, our sales and marketing teams consisted of a total of 249 employees, most of whom were employed in our Branded OPLV Product sales as required by our business model for that product segment.

We have operated in the aluminum products market for over 13 years and we believe we have a strong reputation in the industry. Our marketing efforts primarily focus on referrals from existing customers. We also attended various industrial exhibitions and seminars in China to increase publicity and brand awareness.

### ***Export***

During the Track Record Period, we sold our products to China and Hong Kong as well as export markets, including primarily Australia, Canada, the United States, South Africa and Malaysia. For the years ended September 30, 2010, 2011 and 2012, export sales accounted for 59.2%, 39.2% and 34.3% of our total revenue, respectively.

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The table below demonstrates the types of products we sold to customers in our various markets during the Track Record Period.

	<u>The PRC</u>	<u>Hong Kong</u>	<u>Australia</u>	<u>North America<sup>(1)</sup></u>	<u>Others<sup>(2)</sup></u>
Electronics Parts .....	✓	—	—	—	—
Branded OPLV Products .....	✓	—	—	—	—
Construction and Industrial Products .....	✓	✓	✓	✓	✓

*Notes:*

(1) Includes Canada and, until the year ended September 30, 2011, the United States.

(2) Include South Africa and Malaysia.

We have conducted our export sales through our former subsidiaries in Australia and Canada and, since 2006, OPAL Macao, our Macau subsidiary, which was incorporated in 2005. We have conducted our Hong Kong sales via our Hong Kong subsidiaries. The total sales we conducted via OPAL Macao expanded during the Track Record Period, as we experienced significant growth in our business to supply the Foxconn Companies with various types of Electronics Parts, a portion of which was requested by the Foxconn Companies to be conducted in bonded arrangements as described below, and as OPAL Macao had established a track record in trading activities and was accepted by the Foxconn Companies. Conducting export sales through Macao is tax-efficient for us, because our Macau subsidiary is exempted from Macau corporate income tax as a commercial offshore company in Macau, which provided a strong commercial reason for us to set up the Macau subsidiary. Such exemption is granted by the Macau Offshore Law, and shall remain applicable unless a legislative change is effected, which is not anticipated. To the best of our knowledge and belief, there is no limitation on the life of the arrangements we have adopted to conduct sales through OPAL Macao. We also benefit from administrative conveniences, such as simple re-invoicing procedures, by conducting our export sales through our Macau subsidiary. As such, we intend to maximize export sales via OPAL Macao, including eventual export sales of our Construction and Industrial Products to Australia and our other export markets and sales of certain Electronics Parts to the Foxconn Companies destined for bonded areas in China. We expect the proportion of our sales conducted through OPAL Macao to continue to grow in line with our export sales and bonded sales back to the PRC as requested by the Foxconn Companies.

We have implemented a transfer pricing policy for intra-group sales from our PRC subsidiaries, which manufacture our products, to our Hong Kong and Macau subsidiaries. Our PRC legal advisers, Jingtian & Gongcheng, based on written confirmations from Zengcheng tax authorities (the competent tax authorities with jurisdiction over PanAsia Aluminum (China)), have advised us that PanAsia Aluminum (China), our PRC subsidiary which was involved in such intra-group sales, has complied with the relevant tax requirements, has no outstanding tax liabilities, did not evade taxes and did not incur any administrative tax penalty, and the bonded sales conducted by us to the Foxconn Companies are not in violation of the relevant PRC laws and regulations, including anti-tax avoidance rules.

We have also been advised by DSL Lawyers, our Macau legal advisers, that the relevant Macau government authorities are unlikely to challenge our Macau subsidiary, OPAL Macao, on transfer pricing grounds or other reasons relating to its overseas sales transactions as long as the transactions are not denominated in Macau currency, are not executed with Macau residents and do not breach Macau anti-trust and competition rules. We confirm that we have observed, and continue to observe, these restrictions in our sales transactions involving our Macau subsidiary. DSL Lawyers, our Macau legal advisers, have advised us that, upon review of the Macau Offshore Law and regulations and code of conduct applicable to Macau commercial offshore entities affecting the activity conducted by OPAL Macao, so long as OPAL Macao does not enter into transactions in Macau, with Macau residents or in Macau currency and continues to fulfill its obligations as a Macau commercial offshore company as has been certified by the Macau Trade and Investment Promotion Institute to be the case up to date, such sales through OPAL Macao do not breach applicable Macau laws and regulations, including anti-tax avoidance rules, and are compliant with the same, because the scope of OPAL

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Macao's offshore activity is economic activity dedicated to foreign markets (as is within the articles of association of OPAL Macao), pursued exclusively with non-Macao residents and by means of transactions in currencies other than the patacas, the currency of Macao. The scope of the tax exemption granted to OPAL Macao under the Macao Offshore Law covers exactly such compliant offshore activity.

Having considered the advice we received from Jingtian & Gongcheng, our PRC legal advisers, and DSL Lawyers, our Macau legal advisers, our Directors are of the view that our Group's transfer pricing policy complies with all material applicable laws and regulations in the jurisdictions where we implement such transfer pricing policy. The Joint Sponsors, having reviewed the opinions provided to the Company by Jingtian & Gongcheng, the PRC legal advisers of the Company, and DSL Lawyers, the Macau legal advisers of the Company described above, and having considered the advice from their own legal advisers, are not aware of any matter that would suggest that the transfer pricing policy of the Group does not comply with the material applicable laws and regulations in the jurisdictions where the Company implements such transfer pricing policy.

We conduct our PRC sales directly through our PRC subsidiaries, except with respect to the Foxconn Companies which request that certain products purchased from us be sold under a bonded arrangement, because their relevant operations are situated in bonded zones in China and the relevant end-products will eventually be exported to foreign markets. As a common benefit for businesses operating in bonded zones in China, the relevant Foxconn Companies need not pay customs duties and VAT on imported parts for end-products that will leave China when completed. Our other customers in the PRC have not requested similar bonded sales, because they do not operate in bonded zones manufacturing end-products destined for overseas markets. For such bonded sales, we export the products in question from our PRC subsidiaries to our Macau or Hong Kong subsidiaries, which then ship the products to bonded zones in China as instructed by the customers.

### *Export VAT refunds*

Under the current PRC export tax refund regime, we are exempt from VAT on our export sales and therefore enjoy refunds from the PRC central government on a portion or all of the input VAT that we have paid on the relevant raw materials, depending on the nature of the product. We currently enjoy export VAT refunds of 13% of the price of all of our export goods except our CNC Products, for which we are entitled to an export refund at the full rate of 17% of their prices.

As advised by Jingtian & Gongcheng, our PRC legal advisers, the PRC export VAT refund regime is a uniform system created under PRC law generally applicable to all taxpayers; the refund is neither a government grant nor a subsidy, and is evenly applied irrespective of the country or region of destination of the exports. Therefore, the regime is not affected by the trade regulations of other countries.

### *Tariffs*

Our overseas customers, as importers, typically pay tariffs and related expenses, in line with industry practice. With respect to our sales to Canada, we pay customs brokers tariffs and related expenses, including handling fees and other charges, by agreement with our customer in Canada. During the Track Record Period, we also paid certain tariffs in Australia prior to the disposal of our former Australian subsidiaries, then as importer.

### *Anti-dumping and countervailing duties*

During the Track Record Period, various trade regulation measures applicable to our products were instituted in some of the jurisdictions to which we sell our products, and culminated in the imposition of certain anti-dumping and countervailing duties on some of our exported products. Such

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duties, which are payable by the importers of our products in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a relative disadvantage compared to local producers.

On April 20, 2010, the USDOC initiated anti-dumping and countervailing duty investigations on certain aluminum extrusions imported from the PRC, including those manufactured and exported by us. It published its preliminary determinations on October 27, 2010 and August 30, 2010 and its affirmative final determinations on March 28, 2011. The USITC, on its part, made a preliminary determination on May 17, 2010 and reached an affirmative final determination on May 12, 2011 that such imports caused material injury to the U.S. aluminum extrusion industry. Upon the USITC's finding, the USDOC on May 19, 2011 issued orders to institute anti-dumping and countervailing duties on such imports. The combined U.S. anti-dumping and countervailing duties as applicable to our products were 406.94%, which would remain in effect until May 2016.

On August 18, 2008, the Canada Border Services Agency initiated investigations with respect to the dumping and subsidizing of certain aluminum extrusions imported from the PRC, including those manufactured and exported by us. It published its preliminary determination on November 17, 2008 and its final determination on February 16, 2009 that certain such imports were dumped and/or subsidized. On March 17, 2009, the Canadian International Trade Tribunal found that the dumping and subsidizing of certain such imports caused injury to the domestic Canadian industry. As a result, an anti-dumping duty of 31.4% and a countervailing duty of RMB3.51 per kilogram were imposed on our products. As of February 20, 2012, the anti-dumping duty on our products was eliminated, provided that the import price on our products sold in Canada is above a "normal price" set by the Canada Border Services Agency, and the countervailing duty fell to RMB1.75 per kilogram.

On June 24, 2009, the Australian Customs and Border Protection Service, or Australian Customs, initiated an investigation into the alleged dumping and subsidization of certain aluminum extrusions exported to Australia from certain PRC suppliers, including us. Australian Customs published its findings in the affirmative on April 15, 2010, upon which combined interim dumping and countervailing duties of 10.4% were imposed on imports of our products. On October 28, 2010, Australian Customs changed the combined interim dumping and countervailing duties applicable to our products to 10.1%. On April 18, 2011, the Attorney-General for Australia, upon application from several parties, including us, directed Australian Customs to reinvestigate certain findings. The review confirmed the original findings and, as a result, the Attorney-General of Australia issued an order on August 27, 2011 to institute anti-dumping and countervailing duties, of up to 33.3%, on such aluminum extrusion imports from the PRC. The effective duties applicable to our products are 13.1%, 13.6% and 6.1% for mill finish aluminum extrusions, anodized finish aluminum extrusions and powder-coated finish aluminum extrusions, respectively. We are currently appealing the Attorney-General of Australia's decision. See "—Legal Proceedings—Trade Litigation in Australia" below. We incurred approximately HK\$2.1 million in litigation costs in the year ended September 30, 2012, and have not incurred any subsequent litigation costs.

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The following table summarizes key facts of foreign-government trade measures applicable to our products during the Track Record Period:

	<u>United States</u>	<u>Canada</u>	<u>Australia</u>
Preliminary decision date	October 27, 2010 (anti-dumping); August 30, 2010 (countervailing)	November 17, 2008	November 6, 2009
Final decision date	March 28, 2011	February 16, 2009	October 28, 2010
Anti-dumping and countervailing duties	406.94%	From February 16, 2009 to January 19, 2012, Anti-dumping duty: 31.4% Countervailing duty: RMB3.51 per kilogram  From January 20, 2012, Countervailing duty only: RMB1.75 per kilogram	13.1% : products with mill finish 13.6% : products with anodized finish 6.1% : products with powder-coated finish
Products affected	Hollow aluminum alloy profiles, aluminum alloy bars and rods, aluminum alloy tubes and pipes and various products making use of such aluminum products exported from the PRC	Aluminum extrusion products with mill finish, mechanical finish, anodized finish or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm, with a maximum weight per meter of 22 kilograms and a profile or cross-section which fits within a circle having a diameter of 254 mm, originating in or exported from the PRC	Aluminum extrusion products with mill finish, mechanical finish, anodized finish or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm, with a maximum weight per meter of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm, originating in or exported from the PRC
Applicable until	May 2016	February 2017	October 2016

For an analysis on the financial impact such foreign-government trade measures had on us, see “Financial Information—Key Factors Affecting Our Results of Operations—Anti-dumping and countervailing duties” on page 172 in this prospectus. We have endeavored to and plan to continue to mitigate the impact of the anti-dumping and countervailing duties by further processing and assembling our products into assembled, “ready-for-sale” (i.e., finished) goods (for example, fences, bed frames and windows) and encouraging customers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the anti-dumping duties. We are also in the course of diversifying markets for our Construction and Industrial Products by further developing the Hong Kong and South African markets for our Construction and Industrial Products. Our strategy involves (i) focusing on growth in the commercial property sector in Hong Kong (supplying, e.g., curtain walls); (ii) leveraging our relationship with a long-time customer in South Africa to increase sales; and (iii) providing more comprehensive after-sales services to customers in both markets in developing our relationship and reliance from our customers. We have also appealed against the imposition of the anti-dumping duties in Australia.

### *Foreign-exchange hedging*

As we enter into export contracts and set pricing terms prior to receiving payment for our products, we regularly enter into foreign-exchange hedging transactions to reduce the risks associated with volatility in foreign-exchange markets, particularly with respect to the Australian dollar and U.S. dollar.

In the year ended September 30, 2010, in light of our significant Australian dollar-denominated receivables from our Australian customers and to hedge the risk of depreciation of the Australian dollar against the U.S. dollar, we entered into certain “knock-out” foreign-exchange forward contracts with our principal banker HSBC, as counterparty, to sell Australian dollars and buy U.S. dollars at specified exchange rates on specified future dates. We also entered into plain foreign-exchange forward contracts throughout the Track Record Period, also with HSBC as counterparty.

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The “knock-out” contracts were leveraged derivative financial products that offered potentially higher returns to us than the plain contracts, but correspondingly carried higher potential risks as well. We entered into one “knock-out” contract in each of June, July and September 2010, and each contract set up 12 monthly trades to be settled in the following year, on specified settlement dates, for a total of 36 trades. The moniker “knock-out” refers to the feature of such contracts under which if the spot market exchange rate, in our case between the Australian dollar and the U.S. dollar, ever trades at or below a specified “knock-out” rate (contemplating a very weak Australian dollar), the obligations on both counterparties for the remaining scheduled trades under the contract will be relieved, leaving us unhedged. Provided that the contract is not “knocked out,” the trades will be executed according to the terms of the contract. With respect to each trade, we and HSBC, our counterparty, will be obligated to exchange Australian dollars and U.S. dollars at a specified “strike” price on the settlement date. The amount for each trade will depend on the spot market exchange rate on a specified “expiration date,” which falls a few days before the settlement date:

- (i) if the spot market exchange rate is at or below the “strike” price, the trade amount will be A\$1,000,000.
- (ii) if the spot market exchange rate is above the “strike” price, the trade amount will “accelerate” to A\$2,000,000.

Inherent in the risk-reward design of the contract, the “knock-out” feature provides a floor to our counterparty’s downside exposure and the acceleration feature potentially enhances our counterparty’s gain at our expense, allowing the “strike” prices to be more favorable to us as compared to market forward rates referenced by plain forward contracts. The “knock-out” rates offered by HSBC in the contracts we entered into during the Track Record Period were set at approximately 90% of the “strike” prices, which we considered to be market standard. None of these contracts were “knocked out” leaving us un-hedged against the depreciation of the Australian dollar.

The tables below outline key terms of the “knock-out” contracts we entered into and executed and the valuation gains/(losses) we experienced from such contracts:

### *The June 2010 contract*

Trade no.	Expiration date	Settlement date	“Strike” price (US\$/A\$)	“Knock-out” rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1.	July 12, 2010	July 14, 2010	0.9000	0.8000	0.8520	1,000,000	374,400
2.	August 10, 2010	August 12, 2010	0.9000	0.8000	0.9006	2,000,000	(9,400)
3.	September 10, 2010	September 14, 2010	0.9000	0.8000	0.8865	2,000,000	210,600
4.	October 12, 2010	October 14, 2010	0.9000	0.8000	0.9700	2,000,000	(1,092,000)
5.	November 10, 2010	November 12, 2010	0.9000	0.8000	0.9747	2,000,000	(1,165,400)
6.	December 10, 2010	December 14, 2010	0.9000	0.8000	0.9561	2,000,000	(875,200)
7.	January 10, 2011	January 12, 2011	0.9000	0.8000	1.0172	2,000,000	(1,828,400)
8.	February 10, 2011	February 14, 2011	0.9000	0.8000	0.9976	2,000,000	(1,522,600)
9.	March 10, 2011	March 14, 2011	0.9000	0.8000	1.0171	2,000,000	(1,826,800)
10.	April 11, 2011	April 13, 2011	0.9000	0.8000	1.0343	2,000,000	(2,095,000)
11.	May 10, 2011	May 12, 2011	0.9000	0.8000	1.0959	2,000,000	(3,056,000)
12.	June 10, 2011	June 15, 2011	0.9000	0.8000	1.0652	2,000,000	(2,577,200)
							<u>(15,463,000)</u>

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### *The July 2010 contract*

Trade no.	Expiration date	Settlement date	“Strike” price (US\$/A\$)	“Knock-out” rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1.	August 10, 2010	August 12, 2010	0.9260	0.8200	0.9006	1,000,000	198,100
2.	September 10, 2010	September 14, 2010	0.9260	0.8200	0.8865	1,000,000	308,100
3.	October 8, 2010	October 12, 2010	0.9260	0.8200	0.9700	2,000,000	(686,400)
4.	November 10, 2010	November 12, 2010	0.9260	0.8200	0.9747	2,000,000	(759,800)
5.	December 10, 2010	December 14, 2010	0.9260	0.8200	0.9561	2,000,000	(469,600)
6.	January 10, 2011	January 12, 2011	0.9260	0.8200	1.0172	2,000,000	(1,422,800)
7.	February 10, 2011	February 14, 2011	0.9260	0.8200	0.9976	2,000,000	(1,117,000)
8.	March 10, 2011	March 14, 2011	0.9260	0.8200	1.0171	2,000,000	(1,415,828)
9.	April 8, 2011	April 12, 2011	0.9260	0.8200	1.0343	2,000,000	(1,689,400)
10.	May 10, 2011	May 12, 2011	0.9260	0.8200	1.0959	2,000,000	(2,650,400)
11.	June 10, 2011	June 15, 2011	0.9260	0.8200	1.0652	2,000,000	(2,171,600)
12.	July 8, 2011	July 12, 2011	0.9260	0.8200	1.0718	2,000,000	(2,274,400)
							<u>(14,151,028)</u>

### *The September 2010 contract*

Trade no.	Expiration date	Settlement date	“Strike” price (US\$/A\$)	“Knock-out” rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1.	September 20, 2010	September 22, 2010	0.9450	0.8420	0.8865	1,000,000	456,300
2.	October 20, 2010	October 22, 2010	0.9450	0.8420	0.9700	2,000,000	(390,000)
3.	November 19, 2010	November 23, 2010	0.9450	0.8420	0.9747	2,000,000	(463,400)
4.	December 20, 2010	December 22, 2010	0.9450	0.8420	0.9561	2,000,000	(173,200)
5.	January 20, 2011	January 24, 2011	0.9450	0.8420	1.0172	2,000,000	(1,126,400)
6.	February 18, 2011	February 22, 2011	0.9450	0.8420	1.0017	2,000,000	(820,600)
7.	March 18, 2011	March 22, 2011	0.9450	0.8420	1.0171	2,000,000	(1,124,800)
8.	April 20, 2011	April 27, 2011	0.9450	0.8420	1.0343	2,000,000	(1,393,000)
9.	May 20, 2011	May 24, 2011	0.9450	0.8420	1.0959	2,000,000	(2,354,000)
10.	June 20, 2011	June 22, 2011	0.9450	0.8420	1.0652	2,000,000	(1,875,200)
11.	July 20, 2011	July 22, 2011	0.9450	0.8420	1.0718	2,000,000	(1,978,000)
12.	August 19, 2011	August 23, 2011	0.9450	0.8420	1.0754	2,000,000	(2,304,200)
							<u>(13,546,500)</u>

*Note:*

(1) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

The plain foreign-exchange forward contracts, by comparison, are not leveraged and have a simpler structure. We frequently entered into such plain contracts during the Track Record Period, often several each month, to hedge our exposure to depreciation of the Australian dollar against the Hong Kong dollar. Under these plain contracts, we and HSBC, our counterparty, agreed to exchange specified amounts of Australian dollars for Hong Kong dollars on specified future dates at specified forward exchange rates. If, with respect to each settlement, the spot market exchange rate as of the current month-end is lower than the forward exchange rate, we realize a valuation gain, which mitigates the negative effects of a weak Australian dollar on our Australian dollar-denominated assets. Conversely, if the spot market exchange rate as of the current month-end is higher than the forward exchange rate, we realize a valuation loss, while our Australian dollar-denominated assets benefit from a strong Australian dollar.

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The table below summarizes the maximum value of outstanding plain foreign-exchange forward contracts we held at any time during the periods indicated and the aggregate valuation gains/(losses) we experienced from the settlement of such contracts:

	Year ended September 30,			September 30,
	2010	2011	2012	2012 to Latest Practicable Date
<b>Foreign-exchange forward contracts</b>				
Maximum value (A\$ in millions) <sup>(1)</sup> . . . . .	6.8	4.0	16.0	18.0
Fair-value gains/(losses) (HK\$ in millions) <sup>(2)</sup> . . . . .	(0.2)	(0.5)	(0.5)	(2.2)

*Notes:*

- (1) Equals the maximum aggregate notional amount of foreign-exchange forward contracts outstanding at any time during the period.
- (2) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

The table below outlines key terms of the outstanding plain forward contracts we held as of the Latest Practicable Date:

Contract no.	Contract date	Settlement date	Forward rate (HK\$/A\$)	Nominal amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1	November 2, 2012	January 16, 2013	8.0000	1,000,000	(163,700)
2	November 7, 2012	January 23, 2013	7.9940	1,000,000	(169,700)
3	November 7, 2012	January 30, 2013	7.9890	1,000,000	(174,700)
4	November 7, 2012	February 6, 2013	7.9850	1,000,000	(178,700)
5	November 7, 2012	February 19, 2013	8.0100	1,000,000	(153,700)
6	November 14, 2012	February 27, 2013	8.0050	1,000,000	(158,700)
7	November 14, 2012	March 6, 2013	8.0000	1,000,000	(163,700)
8	November 14, 2012	March 13, 2013	7.9970	1,000,000	(166,700)
9	December 6, 2012	March 20, 2013	8.0220	1,000,000	(141,700)
10	December 6, 2012	March 27, 2013	8.0180	1,000,000	(145,700)
11	December 6, 2012	April 3, 2013	8.0130	1,000,000	(150,700)
12	January 8, 2013	April 10, 2013	8.0365	1,000,000	(127,200)
13	January 8, 2013	April 17, 2013	8.0325	1,000,000	(131,200)
14	January 8, 2013	April 24, 2013	8.0280	1,000,000	(135,700)

*Note:*

- (1) Unrealized gains or losses measured on the basis of the spot market exchange rate of 8.1637 as of the end of January 16, 2013.

Our foreign-currency hedging is overseen by our chief executive officer, finance director and chief financial officer following our internal hedging policy. Our chief executive officer, finance director and chief financial officer have had substantial experience with foreign exchange transactions and dealt with foreign exchange in real commercial circumstances on a daily basis. On a daily basis, our staff reports the Australian dollar exchange rates quoted from the foreign exchange division of HSBC, our counterparty in foreign-exchange transactions, including spot and forward rates, to such senior members of management for review. Our chief financial officer will estimate the Australian dollar amounts to be received in the current week and the following month, review the market exchange rates and our current hedging coverage and make a recommendation to our chief executive officer and finance director whether we should enter into a forward contract. Our chief executive officer, finance director and chief financial officer will collectively review the exchange rates and our financial position in making the determination on a daily basis. The chief financial officer, with the assistance of accountants, will implement approved transactions with our counterparty bank. Once the forward contract has been finalized with the bank, the transaction will be included in the daily bank balance position report sent to our chief executive officer, finance director and chief financial officer. Our chief



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financial officer, with the assistance of accountants, is responsible for overseeing the settlement of signed forward contracts with our counterparty bank on the scheduled settlement dates. We complied with such hedging policies and procedures during the Track Record Period and up to the Latest Practicable Date.

As illustrated above, the “knock-out” contracts we entered into during the Track Record Period offered us protection against the depreciation of the Australian dollar. These contracts, on the other hand, proved counter-productive during periods of *appreciation* of the Australian dollar, incurring fair-value losses for us which offset gains on our Australian dollar-denominated assets. On balance, we believe it will be beneficial for us in the long run to maintain a lower-risk hedging policy.

Going forward, therefore, we plan to continue to purchase the plain foreign-exchange forward contracts to hedge our exposure to foreign-exchange risk, but do not intend to acquire any high-risk derivative instruments, including the “knock-out” contracts. We plan to continue to conduct a daily review of the Australian dollar to Hong Kong dollar exchange rate and estimated Australian dollar amounts to be received in the following month, and we will enter into a plain foreign-exchange forward contract when we believe our exposure to a depreciation of the Australian dollar is relatively high and the forward foreign-exchange rate is favorable, in an amount commensurate with, and up to 75% of, the estimated Australian dollar amounts to be received. We typically consider our exposure to a depreciation of the Australian dollar to be relatively high if the Australian dollar amounts to be received in the following month exceed 10% of our net asset value, and we typically review the market foreign-exchange rates for the preceding three months to determine whether a forward foreign-exchange rate is favorable.

See “Financial Information—Combined Statements of Comprehensive Income—Other Gains/(Losses)—Net” on page 186 in this prospectus.

### **Suppliers**

For the years ended September 30, 2010, 2011 and 2012, purchases from our five largest suppliers represented 83.0%, 81.2% and 78.6%, respectively, and purchases from our largest supplier accounted for 41.0%, 40.1% and 23.8%, respectively, of our total purchases of raw materials. None of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in our five largest suppliers during the Track Record Period. During the Track Record Period, we did not experience any difficulty in sourcing our raw materials or utilities or any major defaults or delay by our suppliers that had a material adverse impact on our operations. We do not anticipate any sourcing difficulties in the foreseeable future.

### **Raw Materials**

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots. We purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. We also purchased aluminum ingots from international suppliers at international spot prices in 2009. We have not entered into any long-term supply contracts with our suppliers. There is a liquid aluminum trading market in China, where the supply has been sufficient for demand and the pricing is transparent. Over the years, we have established and maintained good relationships with a number of aluminum ingot suppliers. At any time we typically source aluminum ingots from a few main suppliers. We generally maintain a supply of aluminum ingots sufficient for one month of production. We are generally granted a seven-day credit period from our aluminum ingot suppliers. Since this is shorter than the credit terms we generally grant to our customers, particularly our major customers, we have utilized a revolving 120-day short-term trade loan facility to finance our purchases of aluminum ingots. We have also entered into a number of trade financing arrangements with HSBC, including trade receivable factoring arrangements under which we may receive liquidity by factoring to HSBC trade receivables due from a list of pre-approved customers. For the year ended September 30, 2012, such pre-

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approved customers included some of our largest customers, including the Foxconn Companies and the P & O Companies.

The spot price of aluminum has fluctuated in the past and during the Track Record Period. But since we include the price of aluminum as an inherent component in pricing our products, most of the risks associated with the aluminum price fluctuation is passed on to our customers. We believe that, for the near future, there will be adequate supply of aluminum ingots in both the international and China markets and their prices will remain steady. During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage or delay in delivery of aluminum ingots that materially and adversely affected our operations.

We use a number of other metals and chemicals as raw materials, such as magnesium, silicon, sulfuric acid, powder paint and PVDF paint. These raw materials are generally available, and we have purchased them from numerous suppliers in China. Although the market prices of these raw materials fluctuate due to changes in supply and demand, the effects of such fluctuations are relatively immaterial to our cost of sales and we have generally been able to pass on any price increases in such raw materials to our customers. We believe these commodities are in adequate supply and will generally remain available from numerous sources at commercially reasonable prices in the foreseeable future.

### **Utilities**

In addition, we purchase electricity and fuel to power our production. We purchase electricity off the regional power grid through designated power lines at government-mandated rates. The average cost of electricity we incurred during the Track Record Period was approximately RMB0.77 per kWh and HK\$787.5 per MT of products produced. We have a diesel-powered back-up power station in our plant and we purchase diesel from a third-party vendor in China. During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage of electricity or fuel supply that materially and adversely affected our operations.

### **Intellectual Property**

As of September 30, 2012, we had registered 76 trademarks and 23 domain names in China, Hong Kong and overseas. As of the Latest Practicable Date, we had eight utility patents concerning production processes, 279 outlook design patents and 18 outlook design patents under application for our Branded OPLV Products. We consider our trademarks and 279 outlook design patents and 18 outlook design patents under application to collectively be material to our business. Of the patents we owned, six of the utility patents and all 279 of the outlook design patents were in the process of being transferred to us from Ms. Kuang Shunyou, the mother of Mr. Marcus Pan. All of our patents are in use by us. Ms. Kuang Shunyou has been one of the directors of PanAsia Aluminum (China) since its incorporation in 1998 and she acted as the nominee of the Group to hold the patents, as Guangzhou OPLV had not been incorporated at the time when the Group developed our Branded OPLV Products. Ms. Kuang Shunyou is interested in 30% of Guangzhou Rongjin Curtain Wall Co., Ltd., which is a contractor for curtain wall projects. Other than disclosed in this paragraph, none of the technologies or patents used in our production processes were transferred from third parties. Details of our intellectual property portfolio are provided in the section entitled "Intellectual property rights of the Group" in Appendix VI to this prospectus.

We have taken vigorous steps to protect our intellectual property rights. We initiated lawsuits in various local courts in China against third parties who infringed upon our intellectual property rights (primarily design patents) and prevailed in most of them, resulting in remedies including monetary compensation, destruction of infringing products and the cessation of producing infringing products. The financial impact from such infringements and remedies was not material to our business.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any infringement of our intellectual property rights which had a material adverse effect on our business.

### Competition

China's aluminum extrusion product industry is large and fragmented. Based on statistics from the China Nonferrous Metal Industry Association, there were more than 600 aluminum extrusion product manufacturers in China in 2011, among which approximately 85% were small plants focusing on construction products with a production capacity below 10,000 MT per year. Due to the fragmented market, most companies have a relatively low market share. In terms of extrusion capacity, we are a mid-sized manufacturer. Our products compete on the basis of product quality, reputation and brand recognition, product variety, customer service and price. Our Directors are of the view that our competitive advantages and strengths, including our recognized reputation and brand name, reliable product quality and stable and diverse customer base, allow us to compete effectively in the aluminum extrusion industry.

For our Branded OPLV Products, we believe that our integrated system approach differentiates ourselves from the traditional unassembled window and door frames sold in bulk in the PRC. For our Electronics Parts segment, we attribute our successful relationship with the Foxconn Companies to numerous reasons, including its superior technological capabilities and production process know-how, product quality and reliability, responsiveness to the Foxconn Companies' specific requirements and organizational structure which enables it to meet the quality and quantity requirements of the Foxconn Companies. With respect to our Construction and Industrial Products segment, according to ICIS Consulting, our exports accounted for 51%, 43% and 55% of all Chinese aluminum extrusion exports to Australia by weight during each of the years ended September 30, 2010, 2011 and 2012, respectively. Given our leading position in Australia, we believe we are in an advantageous position in terms of bargaining power and brand recognition over other mid-sized competitors.

### Major Awards and Certificates

As of September 30, 2012, we had obtained the following major awards and certificates:

- In July 2012, we received a new certificate from Det Norske Veritas, one of the world's leading classification societies, certifying PanAsia Aluminum (China) as an approved manufacturer of wrought aluminum alloys. The certification will remain effective through June 2016. We received our first certificate from Det Norske Veritas in August 2009, which expired in June 2012;
- In December 2011, we were certified an "enterprise in Guangzhou with qualified work safety standards (廣州市安全生產標準化達標企業)" by the Guangzhou Production Safety Administration (廣州市安全生產監督管理局), which will remain effective through December 2014;
- In September 2011, PanAsia Aluminum (China) received GB/T 19001-2008/ISO 9001:2008 certifications for its quality management system and GB/T 24001-2004/ISO 14001:2004 certifications for its environmental management system. All the certificates were issued by China Quality Mark Certification Group (方圓標誌認證集團), a certification service provider authorized by the Chinese government, and the International Certification Network ("IQNet"), the largest provider of management system certifications in the world, and will remain effective through September 2014. In addition to the plant certifications, our various products also received required certification under the respective PRC quality standards;
- In June 2011, we were named an "enterprise with an intellectual-property advantage in Guangdong for 2011 (2011年廣東省知識產權優勢企業)" by the Guangdong Provincial Intellectual Property Bureau (廣東省知識產權局); and

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- In December 2009, we entered into a cooperation agreement with the China Space Foundation (中國航天基金會), the only charitable organization for the space sector in China authorized by the Chinese government. As part of our marketing and brand building strategies, we sponsored the China Space Foundation and became a “China space program partner (中國航天事業合作夥伴)” and “China space program sponsor (中國航天事業贊助商),” and our Branded OPLV Products and some of our other products sold in China became the “exclusive products for China space (中國航天專用產品)” in the PRC aluminum products industry. During the Track Record Period, we had contributed approximately RMB4 million to the China Space Foundation. We believe this sponsorship provides us marketing benefits. The sponsorship expires in December 2016.

### **Environmental and Safety Regulation Compliance**

We are committed to building and operating safe and environmentally friendly production facilities. We believe we were, in all material respects, in compliance with all applicable environmental protection and safety laws and regulations in China during the Track Record Period.

#### ***Environment***

We are required to comply with all PRC national and local regulations regarding environmental protection. For each of our plants, we are required to conduct an environmental impact assessment, obtain approval of the assessment before commencing construction and complete an examination and obtain an environmental acceptance approval before commencing production. To discharge wastewater, exhaust fumes and noise from our plants, we must file reports with and obtain a discharge permit from the relevant PRC government authorities. We must also properly dispose of the hazardous solid waste generated in our production process. The environmental protection authorities may inspect our plants from time to time and give us instructions on various aspects of our operations, with which we are required to comply.

In October 2011, we commenced operations of our CNC plant, and are currently cooperating with the relevant environmental protection authority to conduct the necessary environmental procedures. We expect to complete all the required procedures and obtain all the required environmental permits and approvals in the next few months. See “Risk Factors—Risks Relating to Our Business and Industry—Any unrectified historical non-compliance with PRC environmental regulations may result in adverse publicity and potentially fines or even suspension of our business operations.”

During the Track Record Period, we made capital expenditures of approximately RMB17.7 million on environmental protection equipment to comply with relevant environmental regulations, to satisfy our customers’ expectations regarding our environmental impact and to keep pace with expanding production capacity. We currently have planned future capital expenditures of approximately RMB12.3 million for environmental protection equipment.

We have not been subject to any material fines or legal actions due to non-compliance with relevant environmental regulations during the Track Record Period. Except as disclosed above, we have obtained all environmental permits and approvals necessary to conduct the business currently carried on by us at our production facilities.

#### ***Safety***

We are also required to abide by work safety laws and regulations imposed by the relevant PRC government authorities and maintain a safe work environment. We have adopted and implemented occupational health and safety procedures and measures for our business operations, and ensured that all our employees are aware of our safety procedures. These include guidelines for operational and safety control procedures, protective equipment procedures and social and environmental

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responsibility. Specific safety equipment include aluminum dust absorption and recycling systems to remove waste aluminum dust produced as a byproduct of our manufacturing process, thereby reducing the risk of explosions from aluminum dust, as well as specialized pipe systems to treat toxic gases emitted by the smelting process. Furthermore, our employees involved in production are required to attend training courses on workplace safety, and certain employees with unique skill sets are required to attain quality control certifications. We provide, and require our employees to wear, regularly tested protective devices to ensure their safety. We also regularly conduct health examinations on our employees. We consider our workplace a safe environment and workplace injury is relatively rare in our operations. For the years ended September 30, 2010, 2011 and 2012, there were only 6, 6 and 26 reported cases, respectively. There were no accidents causing death or serious bodily injury in our business operations during the Track Record Period and up to the Latest Practicable Date.

### Employees and Staff

As of September 30, 2012, we had a total of 4,624 staff, of which 1,481 were our employees. They are based at our production base in Zengcheng, Guangzhou, Guangdong Province, China, as well as our offices in Hong Kong and Macau. There had been no complaints or claims from employees that materially affected our operations during the Track Record Period and up to the Latest Practicable Date.

We have historically used third-party staffing companies to dispatch manufacturing workers to us to save on costs associated with identifying and recruiting a significant number of workers. As of September 30, 2012, we had 3,143 manufacturing workers dispatched to us from Guangzhou Anye under a labor dispatch agreement (勞務派遣合同) between us and such third-party staffing company. Guangzhou Anye has confirmed to us that it has entered into labor contracts with all of the contract workers dispatched to us. Guangzhou Anye has also confirmed to us that it has complied with the relevant PRC laws, has paid amounts in accordance with PRC laws for the dispatched workers' social security and has not infringed upon these workers' lawful rights and interests. Since such contract manufacturing workers fulfill positions that require only basic skills and are under the guidance and supervision of our skilled employees, we do not have a reliance on them for our operations. We do not have production lines or processes that are predominantly or solely operated by such contract workers.

The terms of our current labor dispatch agreement with Guangzhou Anye include the following:

- Term: September 1, 2012 to August 31, 2017, with no automatic renewal or early termination option.
- Our obligations primarily include:
  - Supervising and managing the work of the dispatched workers;
  - Providing safety training, safety protection materials and safe working conditions to the dispatched workers;
  - In the event of work-related injury, providing first-aid, performing early investigation and subsequently assisting Guangzhou Anye in collecting materials relating to workers' compensation claims;
  - Paying wages to the dispatched workers on behalf of Guangzhou Anye at the request of Guangzhou Anye; and
  - Paying a monthly management fee to Guangzhou Anye.
- Guangzhou Anye's obligations primarily include:
  - Dispatching suitable workers;
  - Dispatching replacement workers at our request;

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- Providing production safety and occupational education and training to the dispatched workers; and
- Paying remuneration to and making social security contributions for the dispatched workers.

As advised by Jingtian & Gongcheng, our PRC legal advisers, our dispatch arrangement with Guangzhou Anye is permitted by applicable PRC laws.

A breakdown of our staff by function as of September 30, 2012 is set forth below:

<u>Function</u>	<u>Staff</u>
Finance .....	67
Human resources and administration .....	66
Sales and marketing .....	249
Information technology .....	15
R&D .....	21
Manufacturing .....	767
Warehouse .....	44
Quality control .....	209
Sourcing .....	19
Safety management .....	24
<b>Total employees</b> .....	<u>1,481</u>
Manufacturing workers employed by and dispatched from third-party staffing company .....	<u>3,143</u>
<b>Total</b> .....	<u>4,624</u>

We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit our employees from Chinese vocational schools and the public. We have implemented training programs for our employees to meet different job requirements. We believe that these initiatives have contributed to increased employee productivity.

We enter into individual employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We generally formulate our employees' remuneration package to include a salary, bonus and various allowances. Our compensation programs are designed to remunerate our employees based on their performance, measured against other objective criteria we prescribe. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance and housing funds.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the Latest Practicable Date, no labor dispute had occurred which materially and adversely affected or was likely to have an material and adverse effect on our operations.

### Property

As of November 30, 2012, we had the following property interests in the PRC: (i) the land use rights to two parcels of land with a total site area of approximately 129,133 square meters; (ii) two leased properties with a total gross floor area of approximately 31,471 square meters; and (iii) self-owned properties with a total gross floor area of approximately 83,957 square meters. We also maintain leased office space in Hong Kong and Macau.

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As of the Latest Practicable Date, the lessor of a property we leased could not produce to us title documents with respect to a portion of the property, with a gross floor area of approximately 11,715 square meters, underlying portions of our manufacturing plants and warehouses. These properties are not individually or collectively crucial and material to our operations as a whole.

Except as disclosed above, we have obtained all the required land use rights and building ownership certificates for all our properties. We believe that our current properties are consistent with our business plans.

Please refer to the section entitled “Property Valuation Report” set forth in Appendix IV to this prospectus for further details of our properties.

### **Insurance**

We currently maintain accidental damage insurance in China on our production machinery, equipment and facilities, buildings and their improvements, vehicles and certain office equipment. Our insurance covers losses arising from, among other things, fire, lightning, explosion, earthquake, tsunami, strike, riots and civil unrest, with various limitations. Insurance coverage for our fixed assets in China amounted to approximately RMB228.2 million as of September 30, 2012. We believe we are adequately insured against unforeseen accidental losses in line with industry practice. In addition, we purchase insurance for the shipping of our exported products where the risk is borne by us. Currently, we do not maintain business interruption insurance. We have not made any material claims under our insurance policies and have not experienced any material business interruptions since we commenced operations.

### **Legal Proceedings**

Except as disclosed below, as of the Latest Practicable Date, we had not been involved in any material arbitration, litigation or administrative proceedings which had or could be expected to have a material and adverse effect on our business or results of operations.

#### ***Trade Litigation in Australia***

We are currently seeking an appeal, in the Federal Court of Australia, against a decision by the Attorney-General of Australia effective on August 27, 2011 confirming the imposition of anti-dumping and countervailing duties with respect to certain aluminum extrusion products exported to Australia from China. We lodged the appeal to protect our interests because the anti-dumping and countervailing duties imposed by the Attorney-General of Australia apply to the products we export to Australia. A hearing was conducted in May 2012, and the judgment is currently pending and expected in the first half of 2013. See “Risk Factors—Foreign governments have instituted and may continue to institute various trade regulation measures, including anti-dumping and countervailing duties on imported goods. Such measures may be applicable to our products and materially and adversely affect our export sales, which constitute an important portion of our revenues” beginning on page 33 of this prospectus. If we fail to prevail in the trade litigation, we expect that the outcome will be the *status quo* because the anti-dumping and countervailing duties are currently applicable to our exports to Australia. On the other hand, if we prevail in the litigation, the said duties will be lowered or eliminated, which will enhance the competitiveness of our products vis-à-vis our competitors’ in Australia.

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### Compliance Record

Save as disclosed below and in the sections entitled “Risk Factors—Certain of our leased properties may be subject to title encumbrances,” “Business—Environmental and Safety Regulation Compliance” and “Business—Property” in this prospectus, we complied with the laws and regulations applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date.

The table below sets out summaries of certain incidents of our historical non-compliance with applicable regulation during the Track Record Period. The Directors are of the view that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us.

<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
As of late June 2012, PanAsia Aluminum (China) and Guangzhou OPLV had not completed filing an application with the relevant local AQSIQ authority in the PRC in relation to the outsourced processing arrangements between them.	Because the relevant requirement is relatively uncommon in daily operations, our staff overlooked it.	As advised by Jingtian & Gongcheng, our PRC legal advisers, in accordance with PRC law, in the event that the filing cannot be completed, PanAsia Aluminum (China) and Guangzhou OPLV may be subject to a fine of not more than RMB60,000 in aggregate.	The outsourced processing agreement was executed and filed with the relevant authority for record and completed on June 25, 2012. As such agreement expired on September 30, 2012, we have executed a new agreement which has completed the filing of the same with the relevant authority for record on October 15, 2012. Jingtian & Gongcheng, our PRC legal advisers, are of the view that, since we have successfully executed and filed the outsourced processing agreement with the relevant authority for record as of the Latest Practical Date, the likelihood of further fines or penalties on us in this regard should be low.	We have retained a PRC law firm as our external legal counsel since April 2012. We will consult our external legal counsel in advance to ensure proper documentation of transactions between group companies. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group’s compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulations. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.



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<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
<p>PanAsia Aluminum (China) received a notification from the Zengcheng Environmental Protection Authority (增城市環境保護局) on October 17, 2011 in relation to certain non-compliance that PanAsia Aluminum (China) is required to remedy, which included the use of an aluminum smelting furnace without waste treatment facilities, inappropriate disposal of hazardous waste and incorrect installation of sewage outlets.</p>	<p>We are in the process of completing the modification of relevant facilities at the time of Zengcheng Environmental Protection Authority's visit and had not completed all the works required to make the relevant facilities fully compliant with applicable regulations.</p>	<p>Regarding the non-compliance specified in the notification, as advised by Jingtian &amp; Gongcheng, our PRC legal advisers, according to PRC law, the competent environmental protection authority may require us to bear the relevant legal liabilities, which include rectifying the non-compliance or removing the illegal sewage outlets within a time limit, fines of not more than RMB800,000 and suspension of operations or use, where appropriate. However, given that subsequently Zengcheng Environmental Protection Authority issued two certificates, confirming PanAsia Aluminum (China) was in compliance with relevant environmental law and regulations, PanAsia Aluminum (China) will not be subject to any fine or penalties in this regard.</p>	<p>We carried out remedial actions and submitted a remedial report to the Zengcheng Environmental Protection Authority on October 19, 2011. The Zengcheng Environmental Protection Authority issued two certificates on November 8, 2011 and May 30, 2012, respectively, confirming that PanAsia Aluminum (China) was, among other things, in compliance with the relevant environmental laws and regulations and was never subject to administrative sanctions due to any non-compliance with the relevant laws and regulations during the Track Record Period. As advised by Jingtian &amp; Gongcheng, our PRC legal advisers, the Zengcheng Environmental Protection Authority is the environmental protection supervision and administration authority of PanAsia Aluminum (China) and the authority issuing the notification, thus a competent authority to issue the certificates.</p>	<p>We will maintain regular communication with the Zengcheng Environmental Protection Authority to remain updated as to environmental protection requirements, and request our legal advisers or other expert(s) to assist if necessary on a bi-weekly basis. In addition, all high level management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.</p>

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<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
<p>Certain of our newly constructed or reconstructed properties in the PRC had not, before the relevant time of such construction or reconstruction, obtained the relevant construction permits. We are in the process of completing the completion acceptance filings and/or is applying for the relevant building ownership certificates for such properties.</p>	<p>There was insufficient communication among our construction engineering staff, and our staff did not become aware of the non-compliance with the filing requirements.</p>	<p>As advised by Jingtian &amp; Gongcheng, our PRC legal advisers, according to PRC law, failure to obtain the relevant construction permits or failure to complete the completion acceptance filings may lead to fines of not more than 6% of the construction contract amount, or approximately RMB 1.46 million in the present case. PRC law may also require taking corrective actions.</p>	<p>We applied for and obtained the relevant construction permits on May 22, 2012 and completed the construction completion filing on Aug 30, 2012. We have submitted the application for the building ownership certificates with the relevant authority and obtained the building ownership certificates for all of the properties in December 2012 and January 2013. Jingtian &amp; Gongcheng, our PRC legal advisers, are of the view that, since we have successfully obtained the relevant construction permits and completed the construction completion filing as of the Latest Practical Date, the likelihood of further fines or penalties on us in this regard should be low.</p>	<p>We have set up an Administrative and General Service Department in PanAsia Aluminum (China), which consists of 70 staff and is led by Ms. Shao, our executive Director. The department directly reports to the board of directors of PanAsia Aluminum (China), and is responsible for the management of our real estate, communication with construction units, government departments and other new properties. It will timely handle the relevant procedures, such as environmental protection, business registration, property leasing and property construction and maintenance, in accordance with the procedural requirements of the relevant authorities to ensure our compliance and seek legal advice where appropriate. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.</p>

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<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
<p>Our new CNC plant commenced operations in October 2011 without obtaining approval in respect of environmental impact assessment, passing the examination and obtaining environmental acceptance approval from the relevant government authorities.</p>	<p>We have communicated with the environmental authorities, and as the CNC plant has a very minor impact on the local environment, the competent environmental authorities agreed to simplify the environmental protection examination and approval procedures. Out of an abundance of caution and in order to ensure full compliance with PRC law, however, we decided to conduct the filing in accordance with the conventional environmental protection procedures, which take a longer time to complete.</p>	<p>As advised by Jingtian &amp; Gongcheng, our PRC legal advisers, according to PRC law, failure to complete the foregoing environmental procedures before the commencement of operations may lead to fines of not more than RMB300,000, and the requirement to complete the procedures within a time limit and suspend operations or use, where appropriate.</p>	<p>We communicated with the environmental authority to conduct the relevant environmental procedures in relation to the new CNC plant, and obtained approval from the Zengcheng Environmental Protection Authority in respect of environmental impact assessment of CNC plant on August 27, 2012. We expect to receive the environmental acceptance approval in the first half of 2013. Our Directors are of the view that subsequent to our friendly communication with the environmental authority, we have successfully obtained approval from the authority in respect of environmental impact assessment of CNC plant and are in the process of applying for passing the examination and obtaining environmental acceptance approval from the authority, and we have not received any notice of penalties from the authority, based on the above, we will not be likely to be subject to any fine or penalty in this regard. Jingtian &amp; Gongcheng, our PRC legal advisers, have advised us they agree on the foregoing view of our Directors, and that the view of the environmental authority on this shall prevail. As of the Latest Practicable Date, the environmental authority has been cooperating with us on the relevant environmental procedures and did not require us to bear any fine or penalty in this regard.</p>	<p>We have set up the Administrative and General Service Department responsible for the management of our environmental protection matters and communication with government department, as well as timely handling the relevant procedures in accordance with the procedural requirements of the relevant authorities. In addition, in our future course of business, we will obtain the approval or endorsement of the environmental protection authorities before commencing operations. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.</p>

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<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
<p>In relation to certain properties we leased, the lessor has not produced title documents. In addition, the leasing agreements relating to our leased properties have not been registered with the relevant PRC authorities.</p>	<p>We required the lessor to provide the certificates of title of the leased property, however, certain lessors failed to provide the necessary certificates of title. For the registration of the lease contract, we would require the lessor to provide the relevant information. In the absence of the required information, we cannot register the lease contract.</p>	<p>As advised by Jingtian &amp; Gongcheng, our PRC legal advisers, in the event that the lessor who has not produced title documents has no right to let such properties, the leasing agreement may be deemed invalid and the lessee may have to vacate the property.</p>	<p>We will take measures, including review of all lease contracts by the management prior to signing, and require the lessor to provide certificates of title and other information. We will also engage external legal counsel to provide professional advice, where necessary. We have discussed with the lessor the real estate license of the leased property in order to complete the registration process. The relevant registration was completed on October 11, 2012. As advised by Jingtian &amp; Gongcheng, our PRC legal advisers, for the leasing properties of which the lessor has still not been able to produce title document, we may be required to vacate the properties somewhen. However, these properties are not individually or collectively crucial and material to our operations as a whole.</p>	<p>We have set up the Administrative and General Service Department responsible for the management of the our real estate, communication with construction units, government departments, as well as the timely handling of the relevant procedures in accordance with the procedural requirements of the relevant authorities. We will also seek legal advice, where appropriate. In addition, all senior management personnel of PanAsia Aluminum (China) have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our Group's compliance with relevant regulation. Our management will work closely with our staff to implement actions required to ensure our compliance with relevant regulation. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.</p>

## BUSINESS

<b>Historical non-compliance</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequences and potential maximum penalties and other financial liabilities</b>	<b>Rectification actions taken and status</b>	<b>Measures to prevent future breach and ensure ongoing compliance</b>
<p>Certain accounts (the "Relevant Accounts") of PanAsia Group were adopted out of time, details of which are as follows:</p> <ul style="list-style-type: none"> <li>- Its financial statements for the financial year ended December 31, 2002 were laid before its annual general meeting held on October 23, 2003.</li> <li>- Its financial statements for the financial year ended December 31, 2003 were adopted by way of shareholders' written resolutions on September 30, 2005 in lieu of annual general meeting.</li> <li>- Its financial statements for the financial years ended December 31, 2006 and 2007 were not laid before its annual general meetings.</li> </ul>	<p>The non-compliance was because the management at the relevant time were not familiar with, and were not made aware of, the statutory requirement to lay before the annual general meeting the profit and loss accounts and balance sheets made up to a date not more than nine months before the date of the annual general meeting. PanAsia Group had no business or trading during the relevant period. The management at the relevant time were under a mistaken impression that such companies would not be required to prepare profit and loss accounts and balance sheets every year.</p>	<p>Any person being a director of a company that failed to comply with section 122 of the Companies Ordinance may be imprisoned and fined up to HK\$300,000.</p>	<p>Application was made to the High Court of Hong Kong for an extension of time for laying the Relevant Accounts pursuant to section 122 of the Companies Ordinance. On October 31, 2012, court order was granted pursuant to which the period provided in sections 122(1A) and (2) of the Companies Ordinance to lay the accounts before its annual general meetings for the financial years ended December 31, 2002, 2003, 2006 and 2007 was extended to October 23, 2003, September 30, 2005, November 1, 2012 and November 1, 2012, respectively. Based on the above order, the aforesaid non-compliance incidents have been fully rectified and the non-compliance does not have any impact on the operation or financial position of the Group.</p>	<p>Our Directors will ensure that the financial statements of our Hong Kong subsidiaries will be laid before their respective annual general meetings within the time specified in section 122(1A) of the Companies Ordinance by designating our chief financial officer and company secretary to (i) monitor the regulatory compliance regarding company secretarial matters and financial reporting in respect of our Hong Kong subsidiaries, and (ii) keep abreast of the regulatory requirements regarding financial reporting under the Hong Kong regime. Our audit committee will also oversee the financial reporting and internal control procedures of our Company. In addition, in order to further strengthen the legal knowledge of our Directors and in compliance with the continuous training requirements for the Directors under the Listing Rules, we will engage our Hong Kong legal advisers to continue to provide on-going legal advice to us after Listing, and to provide training to our Directors and management personnel on the latest developments of various compliance matters relating to us, including the Listing Rules, Companies Ordinance and SFO, from time to time and as and when needed. After implementation of these measures, we did not find any additional non-compliance or deficiency, and we therefore believe these measures are effective.</p>

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### Relationship with Controlling Shareholders

The immediate controlling shareholder of our Company is Easy Star, which is a company incorporated in BVI with limited liability. Easy Star is indirectly owned by The Pan Family Trust, in which Mr. Marcus Pan is the founder and settlor. Mr. Marcus Pan, through Easy Star, will immediately upon completion of the Global Offering and the Capitalization Issue be interested in 75% of our issued share capital, taking no account into Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme, and Mr. Marcus Pan and Easy Star will be regarded as our Controlling Shareholders.

None of our Controlling Shareholders are interested in any business which is, whether directly or indirectly, in competition with our business.

### Independence from our Controlling Shareholders

Our Directors consider that we will be able to operate independently from our Controlling Shareholders and their respective associates (other than our Group) upon Listing for the following reasons:

*Management independence*—Our Board comprises three executive Directors and three independent non-executive Directors. We consider that our Board will function independently from our Controlling Shareholders because:

- (a) as of the Latest Practicable Date, no executive Director had overlapping roles or responsibilities in any business operation other than our business;
- (b) our Controlling Shareholders do not operate any business other than our business;
- (c) as of the Latest Practicable Date, none of our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our business;
- (d) each Director is aware of his/her fiduciary duties as a Director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her interest;
- (e) our Articles of Association provide that, in the event that there is a potential conflict of interest arising out of any transaction or arrangement to be entered into between our Company or any member of our Group and any of our Directors or his/her respective associates, the interested Director(s) shall fully and fairly disclose his/her interest and shall abstain from voting at the relevant board meetings of our Company, nor shall such interested Directors be counted in the quorum present at such meeting in respect of such transactions or arrangement; and
- (f) our Board comprises six Directors and three of them are independent non-executive Directors, which represent more than one-third of the members of the Board. This is in line with current corporate governance practice in Hong Kong.

*Operational independence*—Our Company makes business decisions independently. Our Group holds all relevant licenses necessary to carry on our business, and has sufficient capital, equipment and employees to operate its business independently. As of the Latest Practicable Date, we had our own independent operation capabilities and independent access to customers and suppliers and, save as disclosed in the section entitled “Connected Transactions” beginning on page 155 of this prospectus, we had not entered into any connected transactions with any connected person of our

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Group. Details of the continuing connected transactions that will continue after Listing are set out in the section entitled “Connected Transactions” beginning on page 155 of this prospectus. Our Group’s continuing connected transactions have been entered into and will continue to be entered into on normal commercial terms and in our ordinary course of business.

*Financial independence*—We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operations. We are financially independent of our Controlling Shareholders and their associates. All loans, advances and balances due to and from our Controlling Shareholders and their respective associates have been fully settled and all guarantees provided by our Controlling Shareholders and their respective associates on our Group’s borrowing will be released upon Listing and will be replaced by a corporate guarantee. The amounts due from related companies as of September 30, 2012 have been fully released. In addition, our Group has an independent financial system and makes financial decisions according to its own business needs.

Our Directors are satisfied that we are capable of carrying on our business independently from any of our Controlling Shareholders and their respective associates (other than our Group) after our Company is listed on the Stock Exchange.

### ***Non-competition Undertakings***

In order to eliminate any existing or future competition with us, Mr. Marcus Pan, Easy Star, Ms. Kuang Shunyou, the mother of Mr. Marcus Pan, Ms. Shao and Mr. Pan Zhaolong and Ms. Pan Xiaoyu, son and daughter of Mr. Marcus Pan and Ms. Shao (the “Covenantors”) have undertaken to us in the Deed of Non-competition that it/he/she will not, and will procure its/his/her associates including any beneficiaries of The Pan Family Trust who reach the age of 18 and any beneficiaries that may be added to The Pan Family Trust from time to time (other than members of our Group) not to, engage in any aluminum production business including (without limitation) the following activities:

- acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, aluminum production business or related investments;
- engaging, having a right or in any way having an economic interest, in the promotion or development of or investment in aluminum production business; or
- acquiring, holding, transferring, disposing or otherwise dealing in any option, right or interest over any of the matters set out in the two paragraphs above; except for acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in the three paragraphs above so long as their aggregate interest in any such entity is less than 5% of its equity interest.

The Deed of Non-competition will lapse automatically if our Controlling Shareholders and their associates cease to hold, whether directly or indirectly, any of our Shares.

The Deed of Non-competition also provides that:

- each of the parties has undertaken to us that it/he/she will, and will procure its/his/her associates to use its/his/her best endeavors to provide all information necessary for the annual review by the independent non-executive Directors of its/his/her compliance with the Deed of Non-Competition and the enforcement of the Deed of Non-competition or a negative confirmation, as appropriate;
- each of the parties will make an annual declaration in our annual report on compliance with his/her/its undertakings under the Deed of Non-competition in the annual reports of our Company as the independent non-executive Directors think fit and to ensure disclosure of

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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details of their compliance with and the enforcement of the non-competition undertakings under the Deed of Non-Competition is consistent with the relevant requirements under the Listing Rules; and

- each of the parties has undertaken to procure our Company to disclose decisions on matters reviewed by our independent non-executive Directors, at least on an annual basis, relating to the compliance and enforcement of its/his/her non-competition undertakings under the Deed of Non-Competition, either through the annual report or by way of announcements to the public.



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## CONNECTED TRANSACTIONS

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### Overview

PanAsia Aluminum (China), our wholly owned subsidiary, has entered into a number of agreements with associates of Mr. Marcus Pan, our executive Director and Controlling Shareholder, for the sale of aluminum products to, and the purchase of packaging materials from, such associates of Mr. Marcus Pan. As Mr. Marcus Pan is a connected person of our Company, such transactions will constitute connected transactions for our Company under the Listing Rules upon Listing.

Details of the continuing connected transactions of PanAsia Aluminum (China) upon Listing are as follows:

### **Continuing connected transactions subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement**

#### ***Purchase of packaging materials from Zhanyao Packaging***

During the Track Record Period, PanAsia Aluminum (China) purchased expandable polyethylene from Foshan Nanhai Zhanyao Packaging Materials Factory (佛山市南海展瑤包裝材料廠) ("Zhanyao Packaging") for the production of the Group as we do not have the equipment to produce such packaging materials. Zhanyao Packaging is principally engaged in the manufacturing of packaging materials. As Zhanyao Packaging is owned by Mr. Lin Jinkai (林錦開), an uncle of Mr. Marcus Pan, Zhanyao Packaging is an associate of Mr. Marcus Pan, our executive Director and Controlling Shareholder. Transactions between Zhanyao Packaging and PanAsia Aluminum (China) will constitute continuing connected transactions for our Company upon Listing.

For the years ended September 30, 2010, 2011 and 2012, packaging materials purchased by PanAsia Aluminum (China) from Zhanyao Packaging amounted to approximately HK\$1.4 million, HK\$1.6 million and HK\$1.2 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Zhanyao Packaging (the "Zhanyao Master Agreement") pursuant to which PanAsia Aluminum (China) agreed to purchase packaging materials from Zhanyao Packaging for a term of three years subject to an annual cap not exceeding HK\$1.5 million, HK\$1.8 million and HK\$2.0 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of purchase from Zhanyao Packaging and (ii) the projected increase in demand for packaging materials. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 15% increment from the immediate preceding year as we expect our annual sales to grow by at least 15% annually, and our demand for packaging materials generally increases at a rate similar to the rate of increase in our sales. The packaging materials to be purchased from Zhanyao Packaging will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in demand of packaging materials by PanAsia Aluminum (China).

Given that the prices for the packaging materials that PanAsia Aluminum (China) will purchase from Zhanyao Packaging will be based on prevailing market rates and that the transactions under the Zhanyao Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) consider that the Zhanyao Master Agreement to have been entered into under normal commercial terms and is fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Zhanyao Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### ***Purchase of packaging materials from Zhongxing Packaging***

During the Track Record Period, PanAsia Aluminum (China) purchased plastic cling wrap from Foshan Nanhai Dali Zhongxing Paper and Plastic Packaging Products Factory (佛山市南海區大瀝中興紙塑包裝製品廠) (“Zhongxing Packaging”) for the production of the Group as we do not have the equipment to produce such packaging materials. Zhongxing Packaging is principally engaged in the manufacturing of plastic packaging materials. As Zhongxing Packaging is owned by Ms. Kuang Shunming (鄺順明), an aunt of Mr. Marcus Pan, Zhongxing Packaging is an associate of Mr. Marcus Pan, our executive Director and Controlling Shareholder. Transactions between Zhongxing Packaging and PanAsia Aluminum (China) will constitute continuing connected transactions for our Company upon Listing.

For the years ended September 30, 2010, 2011 and 2012, packaging materials purchased by PanAsia Aluminum (China) from Zhongxing Packaging amounted to approximately HK\$3.1 million, HK\$2.8 million and HK\$2.6 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Zhongxing Packaging (the “Zhongxing Master Agreement”) pursuant to which PanAsia Aluminum (China) agreed to purchase packaging materials from Zhongxing Packaging for a term of three years subject to an annual cap not exceeding HK\$3.3 million, HK\$3.7 million and HK\$4.3 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of purchase from Zhongxing Packaging and (ii) the projected increase in demand for packaging materials. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 15% increment from the immediate preceding year as we expect our annual sales to grow by at least 15% annually, and our demand for packaging materials generally increases at a similar rate as our sales. The packaging materials to be purchased from Zhongxing Packaging will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in the demand of packaging materials by PanAsia Aluminum (China).

Given that the packaging materials PanAsia Aluminum (China) will purchase from Zhongxing Packaging will be based on prevailing market rates and that the transactions under the Zhongxing Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) believe the Zhongxing Master Agreement to have been entered into under normal commercial terms and to be fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Zhongxing Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### ***Supply of products to Rongjin Curtain Wall***

During the Track Record Period, PanAsia Aluminum (China) supplied aluminum products to Guangzhou Rongjin Curtain Wall Co., Ltd. (廣州市榮晉幕牆有限公司) (“Rongjin Curtain Wall”) for the curtain wall projects that were undertaken by Rongjin Curtain Wall. Rongjin Curtain Wall is principally engaged in the assembly, fabrication and installation of window systems. As Rongjin Curtain Wall is owned as to 25% by Mr. Pan Xieguang (潘燮光), the father of Mr. Marcus Pan, as to 45% by Mr. Pan Gaolin (潘高林), the brother-in-law of Mr. Marcus Pan, and as to 30% by Ms. Kuang Shunyou (鄺順友), the mother of Mr. Marcus Pan and a director of PanAsia Aluminum (China), Rongjin Curtain Wall is an associate of Mr. Marcus Pan, our executive Director and controlling shareholder. Transactions

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## CONNECTED TRANSACTIONS

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between Rongjin Curtain Wall and PanAsia Aluminum (China) will constitute continuing connected transactions for us upon Listing.

For the years ended September 30, 2010, 2011 and 2012, products supplied by PanAsia Aluminum (China) to Rongjin Curtain Wall amounted to approximately HK\$18.0 million, HK\$19.7 million and HK\$33.2 million, respectively.

On January 18, 2013, PanAsia Aluminum (China) entered into a master agreement with Rongjin Curtain Wall (the “Rongjin Master Agreement”) pursuant to which PanAsia Aluminum (China) agreed to supply aluminum products to Rongjin Curtain Wall for a term of three years subject to an annual cap not exceeding HK\$33.5 million, HK\$35.2 million and HK\$37.0 million for the years ending September 30, 2013, 2014 and 2015, respectively. The annual caps were determined with reference to (i) the historical amount of supply to Rongjin Curtain Wall and (ii) the projected increase in demand from Rongjin Curtain Wall for aluminum products. The annual caps for the years ended September 30, 2013, 2014 and 2015 were based on a 5% increment from the immediate preceding year, which was based on the anticipated increase in demand for aluminum products from Rongjin Curtain Wall for the three years ending September 30, 2013, 2014 and 2015. The products to be supplied to Rongjin Curtain Wall will be based on prevailing market rates and on normal commercial terms. The increases in the annual caps for the three years ending September 30, 2015 over the Track Record Period were based on the historical transaction amounts and the expected growth in the supply of aluminum products to Rongjin Curtain Wall.

Given that the products PanAsia Aluminum (China) will supply to Rongjin Curtain Wall will be based on prevailing market rates and that the transactions under the Rongjin Master Agreement will be conducted in the ordinary course of business of PanAsia Aluminum (China), PanAsia Aluminum (China) and our Directors (including our independent non-executive Directors) believe the Rongjin Master Agreement to have been entered into under normal commercial terms, and to be fair and reasonable and in the interests of our Company and the shareholders as a whole.

As the applicable ratios in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the transactions under the Rongjin Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **Confirmations**

#### ***Directors’ Confirmation***

The Directors (including the independent non-executive Directors) confirmed that the continuing connected transactions in relation to the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement have been entered into in the ordinary and usual course of business of our Company on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) further confirmed that the proposed annual caps in respect of the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

#### ***Joint Sponsors’ Confirmation***

The Joint Sponsors have confirmed to our Company that they are of the opinion that the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms, are fair and reasonable and are in

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## CONNECTED TRANSACTIONS

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the interests of the Shareholders as a whole, and the proposed annual caps for such continuing connected transactions are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

### **Waiver from the Stock Exchange**

On the basis of the above, we have applied to the Stock Exchange for a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements in respect of the continuing connected transactions under the Zhanyao Master Agreement, the Zhongxing Master Agreement and the Rongjin Master Agreement.

If any of the material terms of the continuing connected transactions referred to above are altered, or if our Company enters into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by us exceed the limits for exempt connected transactions or exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements of the Listing Rules.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Directors

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The following table sets forth certain information in respect of our Directors.

<u>Name</u>	<u>Age</u>	<u>Position, Roles and Responsibilities</u>	<u>Date of appointment</u>
Mr. Marcus Pan (潘孟潮) . . . . .	40	Executive Director; chief executive officer; chairman of the Board; chairman of nomination committee and member of the remuneration committee; responsible for the overall strategic planning of our Group's business, management of our research and development and technological development functions, as well as maintaining relationships with our major customers	July 10, 2005
Ms. Shao Lidan (邵荔丹) . . . . .	44	Executive Director; responsible for human resources matters relating to our factories in China	January 18, 2013
Mr. Leung Chi Wing (梁志榮) . . . . .	58	Executive Director; responsible for our financial affairs and corporate development	January 18, 2013
Mr. Tsang Wah Kwong (曾華光) . . .	60	Independent non-executive Director; chairman of audit committee and member of remuneration and nomination committees; responsible for bringing an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	January 18, 2013

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## DIRECTORS AND SENIOR MANAGEMENT

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<u>Name</u>	<u>Age</u>	<u>Position, Roles and Responsibilities</u>	<u>Date of appointment</u>
Mr. Chan Nim Leung Leon (陳念良) .....	57	Independent non-executive Director; chairman of the remuneration committee and member of audit and nomination committees; responsible for bringing an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	January 18, 2013
Mr. Wong Yee Shuen Wilson (黃以信) .....	45	Independent non-executive Director; member of audit, remuneration and nomination committees; responsible for bringing an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct	January 18, 2013

### ***Executive Directors***

**Mr. Marcus Pan (潘孟潮)**, age 40, founded our Group in 1997 and has been an executive Director, chief executive officer and chairman of our Company since October 2005. He is responsible for the overall strategic planning of our Group's business, the management of our research and development and technological development functions, as well as maintaining relationships with our major customers. Mr. Marcus Pan is the spouse of Ms. Shao. Mr. Marcus Pan has over 21 years of experience in the aluminum fabrication and distribution industry, including manufacturing processes and sales to various markets within China and abroad. Prior to founding our Group, Mr. Marcus Pan worked for Nanhai Dali Pan Village Smelting Factory (南海大瀝潘村冶煉廠) between 1988 and 1990 where he took part in the management of the manufacturing processing operation of the company. From 1992 to 1994, he worked as a member of the management team in Zengcheng Aluminum Alloys where he was responsible for the management of the manufacturing processing operation of the company. Since 1997, Mr. Marcus Pan began his family business in the trading of aluminum products and has expanded and diversified his business to include the manufacturing and supply of aluminum products/parts and mid- to high-end integrated aluminum door and window systems under the "OPLV (澳普利發)" brand. Mr. Pan graduated from Foshan City Nanhai District Dali Second Junior High School (佛山市南海區大瀝第二初級中學) in 1986. He started the aluminum trading business in Australia in 1998. As our founder, Mr. Marcus Pan has been instrumental to our development.

We consider that having Mr. Marcus Pan continuously acting as both our chairman and chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management of the Group.

**Ms. Shao Lidan (邵荔丹)**, age 44, was appointed as an executive Director of our Company in January 18, 2013. She focuses on human resources matters of our factories in China. Ms. Shao is the spouse of Mr. Pan. She has over 21 years of experience in the aluminum fabrication and distribution industry, and has years of experience in factory management and human resources. In 1992, Ms. Shao worked in Zengcheng Aluminum Alloys, focusing on human resources matters. Since 1997, Ms. Shao has been working with Mr. Marcus Pan in the start up, expansion and diversification of the Group's businesses. Ms. Shao graduated from Zengcheng City Xintang High School (增城市新塘中學) in 1986.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Leung Chi Wing** (梁志榮), age 58, joined our Group as the finance director in October 2011 upon invitation from Mr. Marcus Pan and was appointed as an executive Director of our Company in January 18, 2013. He is responsible for financial affairs and corporate development. From June 1986 to January 1990, Mr. Leung worked at the Hong Kong Inland Revenue Department, and in 1990 began working at PricewaterhouseCoopers where he provided taxation and business advisory services in Hong Kong and China. Immediately prior to joining our Company, he was a partner of PricewaterhouseCoopers. Mr. Leung received an endorsement certificate in accountancy from The Hong Kong Polytechnic University in November 1985. He is a fellow of the Chartered Association of Certified Accountants and is a member of the Hong Kong Institute of Certified Public Accountants.

### ***Independent Non-Executive Directors***

**Mr. Tsang Wah Kwong** (曾華光), age 60, was appointed as an independent non-executive Director of our Company on January 18, 2013. Mr. Tsang is a former partner of PricewaterhouseCoopers in Hong Kong and China and has over 30 years of experience in auditing and providing support for initial public offerings and acquisition transactions. From July 1978 to June 2011, Mr. Tsang worked in PricewaterhouseCoopers in Hong Kong and China. Mr. Tsang is currently an independent director, chairman of the audit committee and a member of the compensation committee of Agria Corporation, a company listed on the New York Stock Exchange, an independent non-executive director and chairman of the audit committee of China Merchants China Direct Investments Limited (stock code: 133) and an alternate director of PGG Wrightson Limited, a company listed on the New Zealand Stock Exchange. He was a director of PGG Wrightson Limited from November 2011 to December 2012. Mr. Tsang received a bachelor's degree in business administration from the Chinese University of Hong Kong in June 1978. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants.

**Mr. Chan Nim Leung Leon** (陳念良), age 57, was appointed as an independent non-executive Director of our Company on January 18, 2013. He is a practicing lawyer and presently the principal partner of Messrs. Y. T. Chan & Co., Solicitors. Mr. Chan joined Messrs. Y. T. Chan & Co., Solicitors as an assistant solicitor in 1980 and was the sole proprietor in January 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1984. Mr. Chan received his Postgraduate Degree of Master of Business Administration from Birmingham University in 2012. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to May 2008. Currently he is also a non-executive director of three companies listed on the Stock Exchange, namely Hongkong Chinese Limited (stock code: 655), Lippo China Resources Limited (stock code: 156) and Lippo Limited (stock code: 226) and an independent non-executive director of Midland Holdings Limited (stock code: 1200), a company listed in Hong Kong, as well as the chairman of the supervisory board of The Macau Chinese Bank, S.A., a licensed bank in Macau.

**Mr. Wong Yee Shuen Wilson** (黃以信), age 45, was appointed as an independent non-executive Director of our Company on January 18, 2013. Mr. Wong has worked in PricewaterhouseCoopers in Hong Kong and China for approximately 12 years since 1991 and served as its senior manager in China from July 2001 to February 2004. He also served as a senior manager at Ernst and Young. Mr. Wong was a director of Contel Corporation Limited, a company listed on the Singapore Stock Exchange, from April 2005 to September 2006 and was re-designated as an independent director in October 2006 and held such directorship until July 2011. Since February 2009, he served as a director of Bakerhouse Global Limited, and has also been an independent non-executive director of China Pipe Group Limited (stock code: 380), a company listed on the Stock Exchange. He received his masters of commerce degree in 1994 from the University of New South Wales. He is a member of the Australian Institute of Banking and Finance and Australian Society of Certified Practising Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

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## DIRECTORS AND SENIOR MANAGEMENT

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Each of our Directors has not been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed above, none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this prospectus.

### Senior Management

The following table sets forth certain information in respect of our senior management. For Directors who also hold executive positions, including Mr. Marcus Pan, Ms. Shao Lidan and Mr. Leung Chi Wing, please refer to the section entitled “—Directors” above.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Li Junxi (黎軍喜) . . . . .	44	Head of production
Ms. Ng Bonnie Po Ling (吳寶玲) . . . . .	38	Chief financial officer
Mr. Yeung Chin Cheung (楊展翔) . . . . .	41	Financial controller
Mr. Zhu Guolai (朱國來) . . . . .	40	Market chief operating officer of Guangzhou OPLV
Mr. Wong Kwok Wai Eddy (黃國威) . . . . .	48	General sales manager (China)

**Mr. Li Junxi (黎軍喜)**, age 44, joined our Group as the head of production since March 2012. He is responsible for the management, performance and training of the personnel of the Group’s production division. He will also be in charge of the Group’s production process, quality control and other projects as directed by the Group’s chief executive officer. Prior to joining our Group, Mr. Li was a manager of Foxconn Technology Group, where he had worked for 20 years since February 1992. He was appointed the in-charge manager of consumer handled game factory of Consumer and Computer Product Business Group of Foxconn Technology Group, in July 2009. He became an in-house training lecturer of Foxconn IE Academy (富士康先進製造生產力培訓學院) in 2007. Mr. Li attended the quality control education training course provided by Foxconn Technology Group in 1994. Mr. Li graduated from Hunan Shaoyang County No. 8 Middle School (湖南省邵陽縣第八中學) in 1988.

**Ms. Ng Bonnie Po Ling (吳寶玲)**, age 38, joined our Group as the chief financial officer in 2006 and is our company secretary. Prior to joining our Group, Ms. Ng worked as an audit manager at PricewaterhouseCoopers from 1998 to 2004, an audit manager at RSM Nelson Wheeler from 2004 to 2006 and an audit manager at Deloitte Touche Tohmatsu from March 2006 to August 2006. Ms. Ng obtained her bachelor of commerce degree from the University of Toronto in 1997. Ms. Ng has been a member of the American Institute of Certified Public Accountants since April 2000 and a member of the Hong Kong Institute of Certified Public Accountants since April 2001.

**Mr. Yeung Chin Cheung (楊展翔)**, age 41, joined us as the financial controller in October 2011 and is mainly responsible for overseeing the financial matters of the Group. From October 1994 to February 1997, Mr. Yeung worked as a senior audit officer in Lai & Fan Southertons (which is currently called Nelson Wheeler). From February 1997 to April 1999, Mr. Yeung worked as a senior audit associate in PricewaterhouseCoopers (HK). From August 1999 to December 2001, Mr. Yeung worked as a deputy general manager of the finance department of China Logistics Group Limited (stock code: 0217). From January 2002 to March 2003, he was a director of Unity Capital Company Limited. From June 2003 to July 2004, he worked as a finance manager of 401 Holdings Limited. Mr. Yeung was also a finance manager of ISF Asset Manager Limited from August 2004 to March 2005. Prior to joining the Group, Mr. Yeung worked as a senior manager (advisory) at PricewaterhouseCoopers Consultants (Shenzhen) Ltd. Guangzhou Branch from March 2005 to June 2008 and a director of Dandelion Capital Limited from July 2008 to September 2011. Mr. Yeung also served as an independent non-executive director of Sino Technology Investments Company Limited, a company listed on the Stock Exchange (stock code: 1217), from September 2004 to March 2005. Mr. Yeung obtained his bachelor degree of commerce from the University of Western Sydney in 1994 and a diploma in business studies from Hang Seng School of Commerce in 1990. Mr. Yeung is a fellow member of Hong Kong Institute of Certified Public Accountants since February 2012, a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2000 and a certified practicing accountant of CPA Australia since August 1999.



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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Zhu Guolai (朱國來)**, age 40, has been the market chief operating officer of Guangzhou OPLV since November 2011. Prior to joining our Group, Mr. Zhu worked as a branch office general manager of Sichuan Changhong Electric Co., Ltd., a company listed on the Shanghai Stock Exchange, from 2003 to 2008. He also worked as a sales manager in Guangdong Oppein Home Group Inc. from 2009 to 2011. Mr. Zhu graduated from Beijing Technology and Business University (北京工商大學) in 1997.

**Mr. Wong Kwok Wai Eddy (黃國威)**, age 48, has been our general sales manager (China) since 2008 and the marketing director of PanAsia Aluminium (HK) since 2005, and is mainly responsible for marketing and promoting our products in Hong Kong and China. Prior to joining our Group, Mr. Wong was the sales representative of Metalex Limited (捷和擠壓有限公司) from June 1991 to January 1994 and the sales manager and general manager of United Aluminium Suppliers Ltd. (聯合鋁質器材有限公司) from February 1994 to December 1998 and January 1999 to March 2005, respectively. Mr. Wong graduated from Hong Kong Tai Tung Middle School (香港大同中學) in 1984.

### **Company Secretary**

Ms. Ng Bonnie Po Ling (吳寶玲) is our company secretary. See “—Senior Management—Ms. Ng Bonnie Po Ling (吳寶玲)” of the section for further information.

### **Board Committees**

#### ***Audit Committee***

We established an audit committee on January 18, 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The audit committee consists of three independent non-executive Directors, being Mr. Tsang Wah Kwong (chairman), Mr. Chan Nim Leung Leon and Mr. Wong Yee Shuen Wilson. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

#### ***Remuneration Committee***

We established a remuneration committee on January 18, 2013 with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of four members, three of whom are independent non-executive Directors, being Mr. Chan Nim Leung Leon (chairman), Mr. Tsang Wah Kwong, Mr. Wong Yee Shuen Wilson, and Mr. Marcus Pan. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

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## DIRECTORS AND SENIOR MANAGEMENT

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### ***Nomination Committee***

We established a nomination committee on January 18, 2013 with written terms of reference. The nomination committee consists of four members, namely Mr. Marcus Pan (chairman), Mr. Chan Nim Leung Leon, Mr. Tsang Wah Kwong and Mr. Wong Yee Shuen Wilson, three of whom are our independent non-executive Directors. The chairman of the nomination committee is Mr. Marcus Pan. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

### **Compensation**

Our executive Directors receive, in their capacity as our employees, compensation in the form of salary and cash bonus.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors for the years ended September 30, 2010, 2011 and 2012 was approximately HK\$4.4 million, HK\$4.4 million and HK\$2.2 million, respectively.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid by our Group to our five highest-paid individuals for the years ended September 30, 2010, 2011 and 2012 was approximately HK\$10.3 million, HK\$10.2 million and HK\$16.0 million, respectively.

No remuneration was paid by the Group to the Directors or the five highest-paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the years ended September 30, 2010, 2011 and 2012. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ended September 30, 2013 is estimated to be approximately HK\$10,532,000.

### **Share Option Scheme**

We have conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to the section entitled “Statutory and General Information—Other Information—Share Option Scheme” in Appendix VI to this prospectus.

### **Compliance Adviser**

We have appointed Platinum Securities Company Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance adviser’s agreement are summarized as follows:

- (a) the compliance adviser was appointed for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever the earlier;
- (b) the compliance adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes

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## DIRECTORS AND SENIOR MANAGEMENT

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and guidelines, and to act as one of our principal channels of communication with the Stock Exchange; and

- (c) we may terminate the appointment of the compliance adviser only if its work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to it as permitted by Rule 3A.26 of the Listing Rules.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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### Chapter 14A of the Listing Rules

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules for certain non-exempt continuing connected transactions. For details, please refer to the section entitled “Connected Transactions” on page 155 of this prospectus.

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## SHARE CAPITAL

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The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering and the Capitalization Issue:

*Authorized share capital:*

	<u>HK\$</u>
2,400,000,000 Shares of HK\$0.10 each .....	240,000,000

*Issued and to be issued, fully paid or credited as fully paid:*

	<u>HK\$</u>
1,000,000 Shares in issue as of the date of this prospectus .....	100,000
899,000,000 Shares to be issued pursuant to the Capitalization Issue .....	89,900,000
300,000,000 Shares to be issued pursuant to the Global Offering .....	<u>30,000,000</u>
1,200,000,000 Total .....	120,000,000

### Assumptions

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalization Issue are made. It takes no account of any Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will qualify for all dividends or other distributions declared, paid or made on the Shares after the date of this prospectus.

### General Mandate to Allot and Issue New Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total nominal value of not more than the sum of:

- (a) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be sold pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and
- (b) the total amount of share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option granted or which may be granted under the Share Option Scheme.

This mandate will expire:

- at the conclusion of our Company's next annual general meeting; or

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## SHARE CAPITAL

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- at the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
  - when varied or revoked by an ordinary resolution of the Shareholders in general meeting,
- whichever is the earliest.

Further information on this general mandate is set out in the section headed “Statutory and General Information—Further Information About Our Company and our Subsidiaries —Resolutions in Writing of the Shareholders of Our Company Passed on January 18, 2013” in Appendix VI to this prospectus.

### **General Mandate to Repurchase Shares**

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information—Further Information About Our Company and our Subsidiaries —Repurchase of Our Shares” in Appendix VI to this prospectus.

This mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- at the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

whichever is the earliest.

Further information on this general mandate is set out in the section headed “Statutory and General Information—Further Information About Our Company and our Subsidiaries—Resolutions in Writing of the Shareholders of Our Company Passed on January 18, 2013” in Appendix VI to this prospectus.

### **Share Option Scheme**

On January 18, 2013, we conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out under the heading “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix VI to this prospectus.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalization Issue (taking no account of Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of any options granted under the Share Option Scheme), have or be deemed or taken to have an interests and/or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of Shareholder	Capacity	Number of Shares <sup>(1)</sup>	Approximate percentage of interest in our Company immediately following the completion of the Global Offering and the Capitalization Issue
Easy Star .....	Beneficial owner	900,000,000(L)	75%
Marina Star <sup>(2)</sup> .....	Interest in a controlled corporation	900,000,000(L)	75%
HSBC International Trustee <sup>(2)</sup> .....	Trustee of a trust	900,000,000(L)	75%
Mr. Marcus Pan <sup>(2)(3)</sup> .....	Settlor of a trust	900,000,000(L)	75%
Ms. Shao <sup>(4)</sup> .....	Interest of spouse	900,000,000(L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Easy Star is wholly owned by Marina Star. The entire issued share capital of Marina Star is wholly owned by HSBC International Trustee as the trustee of The Pan Family Trust. The Pan Family Trust is a discretionary family trust established by Mr. Marcus Pan, the beneficiaries of whom are family members of Mr. Marcus Pan. Mr. Marcus Pan is the settlor of The Pan Family Trust.
- (3) Mr. Marcus Pan is the settlor of The Pan Family Trust. By virtue of the SFO, Mr. Marcus Pan is deemed to be interested in the Shares held by Easy Star.
- (4) Ms. Shao is the spouse of Mr. Marcus Pan. By virtue of the SFO, Ms. Shao is deemed to be interested in the Shares in which Mr. Marcus Pan is interested.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue (assuming no Shares are to be issued upon the exercise of any options granted under the Share Option Scheme), have beneficial interests or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## FINANCIAL INFORMATION

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***You should read the following discussion and analysis in conjunction with our audited financial information as of, and for the years ended, September 30, 2010, 2011 and 2012, together with the notes thereto included in Appendix I to this prospectus. Our audited financial information is prepared in conformity with HKFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountant's Report included as Appendix I to this prospectus and not rely merely on the information contained in this section. Unless the context otherwise requires, financial information in this section is described on a combined basis.***

***The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.***

### Overview

We are a fast-growing aluminum products manufacturer based in Guangdong Province, China, with a large and diverse portfolio of high-quality products. During the Track Record Period, we had an increasing focus on high-value-added high-precision aluminum parts for cutting-edge electronic products, complemented by aluminum extrusion products for a variety of industries which contributed stable revenues. We have established sales channels and market presence in the PRC, Hong Kong and overseas.

We currently manufacture three categories of products: Electronics Parts, Branded OPLV Products and Construction and Industrial Products. For the year ended September 30, 2012, we generated revenue of HK\$1,143.5 million, HK\$258.2 million and HK\$1,035.3 million from Electronics Parts, Branded OPLV Products and Construction and Industrial Products, respectively. During the Track Record Period, our revenue was derived from sales in the PRC, Hong Kong and our export markets, including Australia, North America (Canada and the United States) and others (namely, South Africa and Malaysia).

We have achieved significant growth in recent years. For the years ended September 30, 2010, 2011 and 2012, we recorded revenue of HK\$1,366.9 million, HK\$2,090.6 million and HK\$2,437.0 million, respectively, representing a CAGR of 33.5%, and profit for the year of HK\$86.7 million, HK\$260.3 million and HK\$357.1 million, respectively, representing a CAGR of 102.9%.

### Basis of Presentation

Our combined balance sheets, combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements for the Track Record Period as included in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, include the results of operations of the companies comprising the Group following the consummation of the Reorganization, as if our Group had been in existence in its current form throughout the Track Record Period.

We are principally engaged in the manufacturing and trading of aluminum products ("Listing Business"). Immediately prior to the Reorganization, the Listing Business was held by PanAsia Enterprises (BVI), conducted through PanAsia Enterprises (BVI) and its subsidiaries. Pursuant to the Reorganization, PanAsia Enterprises (BVI), and the Listing Business, was transferred to and held by the Company. PanAsialum Holdings Company Limited was not involved in any other business prior to the Reorganization and the Reorganization did not result in a change of our management or controlling shareholders. Accordingly, the combined financial information of the companies now



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## FINANCIAL INFORMATION

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comprising our Group is presented using the carrying values of the Listing Business under PanAsia Enterprises (BVI) for all periods presented. For the purpose of the Accountant's Report, our combined financial information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Transactions, balances and unrealized profits or losses on transactions between companies within the Group are eliminated on combination.

### **Key Factors Affecting Our Results of Operations**

The following are key factors that affect our financial condition and results of operations. They are important for understanding our business:

- Market demand for our products in the PRC, Australia and our other markets and downstream demand for the electronic products in which some of our products are used;
- Our product mix with different pricing characteristics and future growth prospects;
- Anti-dumping and countervailing duties;
- Disposal of subsidiaries;
- Production capacity expansion and utilization; and
- Production costs.

### ***Market demand for our products in the PRC, Australia and our other markets and downstream demand for the electronic products in which some of our products are used***

Our revenue depends on the demand for our products in the PRC, Australia and our other markets, which in turn is dependent on the overall level of economic growth in those regions. During the Track Record Period, the PRC and Australia were our largest markets. For the years ended September 30, 2010, 2011 and 2012, 36.7%, 56.2% and 62.8%, respectively, of our revenue was derived from sales in the PRC and 49.7%, 35.0% and 30.1%, respectively, of our revenue was derived from sales in Australia. Despite the global financial crisis which began in 2008 and contributed to the sustained weakness of the U.S. economy and the ongoing economic turmoil in Europe, the economies of the PRC and Australia have continued to experience comparatively strong growth in recent years. From 2008 through 2011, the nominal GDP of the PRC grew at a CAGR of 17.3% and the nominal GDP of Australia grew at a CAGR of 12.2%. Macro-economic conditions in the PRC and Australia will continue to significantly affect our results of operations. In addition, some of our Electronics Parts, which have accounted for increasing shares of our revenue and profit, are components for some of the world's most popular consumer electronic products. The demand for our Electronics Parts, therefore, is strongly influenced by the demand for such end-products. Such demand is, in turn, determined by the purchasing power of consumers worldwide, which is ultimately influenced by the overall health of the world economy. The Directors confirm that, save as disclosed in this prospectus, they are not aware of any particular unfavorable trends or developments which might have a material adverse impact on our business and financial performance.

### ***Our product mix with different pricing characteristics and future growth prospects***

The three categories of our products have different pricing characteristics and future growth prospects. With respect to the Electronics Parts, we endeavor to increase the proportion of high-value-added products, which we expect will continue to enhance our profitability. For our CNC Products, we charge a per unit price taking into account raw material price and usage, other

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## FINANCIAL INFORMATION

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production costs and a processing charge which we believe reflects the high added value of the CNC Products. We understand, based on information available to us, that the gross profit margins of our CNC Products during the Track Record Period were in line with those of comparable companies in the market. With our Branded OPLV Products, we have abandoned the traditional weight-based pricing practice in favor of per unit pricing, measured by square meters. We believe that our Branded OPLV Products, as systems, offer our customers and end-customers more value, and we intend to continue to grow our Branded OPLV Products business and enhance its profit margin. With our Construction and Industrial Products, as well as our Electronics Parts other than the CNC Products, we follow the industry practice and price them on a “cost-plus” basis by weight, comprising the price of aluminum per kilogram at prevailing spot market benchmark rates and a negotiated per kilogram processing fee. Our Construction and Industrial Products have attracted relatively stable demand, and we expect to continue to generate stable revenue from this product category. Due to the varying levels of profit margins of our product categories and our different growth strategies for them, any material changes in our product mix, whether due to changes in demand from major customers or other reasons, may have an effect on our financial condition and results of operations.

### ***Anti-dumping and countervailing duties***

We have derived a substantial portion of our revenue and profit from the export of our Construction and Industrial Products to overseas markets. During the Track Record Period, certain foreign governments, including those in Australia, Canada and the United States, instituted investigations and imposed anti-dumping and countervailing duties on Chinese aluminum extrusion products exported to such countries. Such duties, which are payable by the importers in the respective countries when the affected products enter such countries, effectively increased the prices of our products and put us at a disadvantage relative to local producers. As a result, our sales to Canada and the United States fell substantially during the Track Record Period and we have withdrawn from the U.S. market. The anti-dumping and countervailing duties imposed in Australia, our largest export market during the Track Record Period, were substantially lower than those imposed in Canada or the United States, leaving a lesser impact on our exports to Australia. A strong Australian dollar (against the U.S. dollar and the H.K. dollar) during the relevant period also helped maintain our revenue growth from Australian sales. Nevertheless, in terms of sales volume, our sales to Australia decreased in the year ended September 30, 2011 as compared to the year before. We have endeavored to and plan to continue to mitigate the impact of the anti-dumping and countervailing duties by further processing and assembling our products into assembled, “ready-for-sale” (i.e., finished) goods (for example, fences, bed frames and windows) and encouraging importers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the duties. We are also in the course of diversifying markets for our Construction and Industrial Products by further developing the Hong Kong and South African markets for our Construction and Industrial Products. Our strategy involves (i) focusing on growth in the commercial property sector in Hong Kong (supplying, e.g., curtain walls); (ii) leveraging our relationship with a long-time customer in South Africa to increase sales; and (iii) providing more comprehensive after-sales services to customers in both markets in developing our relationship and reliance from our customers. We have also appealed against the imposition of the duties in Australia. The outcome of the currently ongoing legal proceedings, expected in the first half of 2013, may affect our future sales to Australia.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of gross profits and gross profit margins attributable to our sales to the different markets affected by the anti-dumping and countervailing duties, as well as those attributable to our various former subsidiaries, during the Track Record Period:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Gross profit and gross profit margin</b>						
<i>Markets affected by duties</i>						
North America .....	17.2	14.3%	7.0 <sup>(1)</sup>	13.1%	3.1 <sup>(2)</sup>	6.2%
Former subsidiaries <sup>(3)</sup> .....	1.2	11.4%	0.8	8.8%	—	—
Other customers .....	16.0	14.6%	6.2	13.9%	3.1	6.2%
Australia .....	202.1	29.8%	234.5	32.0%	207.1	28.3%
Former subsidiaries <sup>(4)</sup> .....	104.4	26.0%	181.8	29.1%	163.2	25.9%
Other customers .....	97.7	35.3%	52.7	48.5%	43.9	42.3%
<i>Unaffected markets</i>						
PRC .....	57.1	11.4%	238.9	20.3%	386.2	25.2%
Hong Kong .....	15.2	27.3%	22.1	22.9%	16.6	23.3%
Others <sup>(5)</sup> .....	0.3	3.1%	2.2	6.5%	1.9	3.6%
<b>Total</b> .....	<u>291.9</u>	<u>21.4%</u>	<u>504.7</u>	<u>24.1%</u>	<u>614.9</u>	<u>25.2%</u>

*Notes:*

(1) Substantially all of the sales were made in Canada.

(2) All of the sales were made in Canada.

(3) Namely, PanAsia Aluminum (Toronto), which was disposed of by us on December 31, 2009 and subsequently dissolved on October 26, 2011.

(4) Namely, Oceanic, P & O Rolled Products and P & O Group, which were disposed of by us on May 31, December 30 and December 31, 2009, respectively.

(5) Include South Africa and Malaysia.

The above gross profit margin for other customers in Australia in the year ended September 30, 2011 was high primarily because (i) we began to sell assembled, “ready-for-sale” products to Australia not subject to the anti-dumping and countervailing duties as a response to the duties and (ii) the prices included consultancy fees in relation to new product development, packaging, logistics and related arrangements. Additionally, the gross profit margins for sales to our former subsidiaries in Australia were not as high as for other customers due in part to volume discounts that we provide to the P & O Companies for their large-scale purchases of our products, and because the P & O Companies act as an Australian distributor for our products, on-selling semi-finished products to other Australian manufacturers, whereas most of our other customers in Australia purchase finished goods for sale to end-customers. We introduced the volume discounts in the year ended September 30, 2010 as we changed our business model in Australia by disposing of our former subsidiaries and the P & O Companies began to purchase our products as a customer in large quantities. The volume discounts are determined on a quarterly basis as a percentage of our processing fee, following a progressive schedule tied to the sales volume of the previous quarter and adjusted by the complexity of our processing, which ranged between 10% to 40% during the year ended September 30, 2010. During the following year that ended September 30, 2011, we lowered the levels of the volume discounts and capped them at 15% so that the sales prices of our products exported to Australia could comply with the anti-dumping and countervailing rulings that had been imposed by the Australian authorities. For the years ended September 30, 2011 and 2012, the volume discounts ranged from 5% to 15% and 5% to 10%, respectively. During the Track Record Period and up to the Latest Practicable Date, such volume discounts only applied to the P & O Companies and not to other customers, whose order volumes were smaller. The gross profit margin for sales to other customers in Australia decreased in the year ended September 30, 2012 as market competition increased and consultancy fees decreased after the consultant became less involved following the introduction of new products. See also “—Combined Statements of Comprehensive Income—Gross Profit.”

## FINANCIAL INFORMATION

The tables below set forth further analyses of our revenue from and profitability of sales during the Track Record Period to the P & O Companies and other customers in Australia by timing and by the various types of products as indicated.

	Year ended September 30,		
	2010	2011	2012
(HK\$ in millions)			
<b>Revenue from Australia sales</b>			
<i>Prior to imposition of duties</i>			
All goods .....	394.4	—	—
<i>Post imposition of duties</i>			
Ready-for-sale goods (not subject to duties) .....	18.8	84.9	86.2
P & O Companies .....	—	—	—
Other customers .....	18.8	84.9	86.2
Semi-finished goods (not subject to duties) .....	83.7	268.9	284.3
P & O Companies .....	83.7	257.8	267.9
Other customers .....	0.0	11.1	16.4
Goods subject to duties .....	182.2	378.9	362.3
P & O Companies .....	147.7	366.3	361.2
Other customers .....	34.5	12.6	1.1
<b>Total .....</b>	<b>679.1</b>	<b>732.7</b>	<b>732.8</b>

	Year ended September 30,					
	2010		2011		2012	
(HK\$ in millions, except percentages)						
<b>Gross profit and gross profit margin of Australia sales</b>						
<i>Prior to imposition of duties</i>						
All goods .....	121.7	30.8%	—	—	—	—
<i>Post imposition of duties</i>						
Ready-for-sale goods (not subject to duties) .....	9.2	48.9%	44.3	52.2%	38.6	44.8%
P & O Companies .....	—	—	—	—	—	—
Other customers .....	9.2	48.9%	44.3	52.2%	38.6	44.8%
Semi-finished goods (not subject to duties) .....	8.3	9.9%	47.2	17.6%	64.6	22.7%
P & O Companies .....	8.3	9.9%	41.7	16.2%	59.6	22.2%
Other customers .....	— <sup>(1)</sup>	23.8%	5.5	49.5%	5.0	30.5%
Goods subject to duties .....	62.9	34.5%	143.0	37.7%	103.9	28.7%
P & O Companies .....	54.6	37.0%	140.0	38.2%	103.6	28.7%
Other customers .....	8.3	24.1%	3.0	23.8%	0.3	27.3%
<b>Total .....</b>	<b>202.1</b>	<b>29.8%</b>	<b>234.5</b>	<b>32.0%</b>	<b>207.1</b>	<b>28.3%</b>

*Note:*

(1) Less than HK\$50,000

The gross profit margins of our ready-for-sale goods were higher than those for our semi-finished goods and goods subject to duties because the ready-for-sale goods by their nature contain more value added by us and we have charged higher prices accordingly. Our customers may resell these goods to consumers without undertaking further manufacturing procedures.

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The gross profit margins of our semi-finished goods sold to the P & O Companies were lower than those for goods subject to duties sold to the P & O Companies. This is primarily because the semi-finished goods require additional manufacturing procedures (e.g., cutting, drilling, welding and assembly) and are therefore higher value-added, and we have priced such additional value at cost without a margin giving consideration to the large volume of orders from the P & O Companies. With no added gross profit and a larger revenue, the gross margin declines as a result. By comparison, in the limited instances where we sold semi-finished goods to other companies, we priced the additional value at a margin and, accordingly, the corresponding profit margins were higher than those for goods subject to the duties sold to the other companies.

The gross profit margins of goods subject to duties sold to the P & O Companies were higher than those for goods subject to duties sold to other companies because the relevant goods sold to the P & O Companies were more complex (e.g., caravans), some of which require specially designed dies, and accordingly commanded higher prices.

### ***Disposal of subsidiaries***

During the Track Record Period, we disposed of and dissolved a number of subsidiaries in Australia and Canada due to a strategic shift of our business to the Greater China market and due to diminished prospects in these markets following the imposition of government trade measures. See “History, Reorganization and Corporate Structure—Disposal of P & O Group and Oceanic” and “—Disposal of PanAsia Aluminum (Toronto) and dissolution of PanAsia Aluminum (Calgary) and PanAsia Aluminum (Vancouver)” beginning on page 100 in this prospectus. Prior to the disposals, we conducted considerable business through some of these former subsidiaries, particularly P & O Group and Oceanic in Australia. For the year ended September 30, 2010, we derived HK\$15.0 million in profit from sales conducted by P & O Group (for three months only, as we disposed of P & O Rolled Products, a subsidiary of P & O Group, and the rest of P & O Group in a series of transactions at the end of December 2009). After the disposals, the P & O Companies became our major customer in Australia. See “Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship” beginning on page 120 in this prospectus. Additionally, based on our understanding of the operations of the P & O Companies, the Joint Sponsors’ due diligence work and advice received by us from the P & O Companies, we believe our sales to the P & O Companies are backed by actual orders from their customers. Even though the disposals were one-off transactions which will not affect our future financial conditions, they affected our results of operations during the Track Record Period.

### ***Production capacity expansion and utilization***

Our production capacity is a key factor affecting our sales. We have continually expanded our production capacity both for conventional aluminum extrusion production and for our more sophisticated products processed using CNC machining centers, in order to keep up with increasing demand for our products. We plan to continue to increase our production capacity to match demand, which we believe will enable us to increase our manufacturing output and sales revenue. If, however, there is a significant decrease in demand, we could be left with excess production capacity, and our revenue and return on assets may decline.

### ***Production costs***

Our cost of sales comprises principally the cost of raw materials, most of which are aluminum ingots. We have generally been able to pass on the cost of raw materials to our customers to a significant extent. Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots, and purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. The spot price of aluminum has fluctuated in the past and during the Track Record Period. Historically, we have included the price of aluminum as an inherent component in pricing our products. As such, most of

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the risks associated with the aluminum price fluctuation has been passed on to our customers. Our Directors confirm that we will continue such pricing strategy in the future. For more information, see “Business—Suppliers—Raw Materials” beginning on page 139 in this prospectus.

If the aluminum ingot prices continue to fluctuate in the future and if we are unable to pass on any increased cost of raw materials to our customers, our financial condition and operating results may be adversely affected.

For illustration purposes only, a sensitivity analysis on price fluctuation of our major raw material, aluminum ingot, during the Track Record Period is set out as follows, which shows the hypothetical effects of changes in aluminum prices on our net profit, assuming we are not able to pass on such changes to our customers while all other factors remain unchanged. The range of aluminum ingot prices for the sensitivity analysis below is based on the historical low and high prices during the Track Record Period:

### Changes in our net profit for various aluminum ingot prices

	TRP low of RMB11,500/MT	TRP monthly average of RMB14,842/MT	TRP high of RMB16,230/MT
	(HK\$ in thousands)		
<b>Year ended September 30, 2010</b> .....	132,722	(44,563)	(118,187)
<b>Year ended September 30, 2011</b> .....	274,650	22,090	(82,794)
<b>Year ended September 30, 2012</b> .....	280,885	7,453	(106,099)

*Note:*

The magnitude of changes in the upside case will be the “mirror image” of the downside case only if the spot price happens to be exactly in the middle. In reality throughout the Track Record Period, the spot price was sometimes closer to the low-end and sometimes closer to the high-end. Therefore, in different points in time, the magnitude of upward changes differs from that of downward changes.

We have, however, been affected by increasing labor costs. Our wage expenses have risen in recent years as a result of regulatory changes, such as the imposition of higher minimum wages in Guangdong Province and additional statutory holidays for workers, as well as increased competition for manufacturing workers in Guangdong Province. As these trends continue, our labor costs may continue to increase, which may adversely affect our profitability.

### Return on Investment Capital

	Year ended September 30,		
	2010	2011	2012
Sales turnover .....	3.12	3.27	3.31
Net profit margin .....	6.3%	12.5%	14.7%

Return on investment capital, which is driven by sales turnover (sales/total equity) and net profit margin (profit attributable to equity holders of the Company/sales), continued to improve during the Track Record Period. Such improvement was due to the improvements of both sales turnover (to a larger extent) and net profit margin (to a smaller extent).

Sales turnover continued to improve mainly because of our strategic move to focus more on the Electronics Parts business from which we were able to generate an increasing amount of sales with our invested capital. In particular, we supplied products to the Foxconn Companies with increasing variety and technical complexity (e.g., from aluminum plates to aluminum unibody chassis for the popular multimedia tablets), for which we were able to command higher average selling prices.

Net profit margin also continued to improve mainly because (i) we were able to achieve an improving gross profit margin for Electronics Parts with higher average selling prices as explained

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above, (ii) we disposed of our stakes in Oceanic and the P & O Group in May and December 2009 respectively which reduced the distribution and selling expenses as well as administrative expenses that would have been incurred by us and (iii) an increasing proportion of our sales were conducted through OPAL Macau, which is not subject to income tax.

### **Critical Accounting Policies**

We have prepared our combined financial statements in accordance with HKFRS, which requires us to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The assumptions and estimates are based on our historical experience and various other factors that our management believes to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. Therefore, when reviewing our combined financial information, you should consider our selection of critical accounting policies, the judgments and other uncertainties affecting the application of such policies, and the sensitivity of reported results to changes in the conditions and assumptions. Our significant accounting policies and critical accounting estimates are summarized in notes 2 and 4 to our combined financial information included in the Accountant's Report as set out in Appendix I to this prospectus. We believe that the following are the most significant estimates and judgments used in the preparation of our combined financial information.

### ***Financial Assets***

We classify our financial assets into two categories: (i) financial assets at fair value through profit or loss and (ii) loans and receivables, depending on the purpose for which the assets in question were acquired. We determine the classification at initial recognition and re-evaluate the classification at each balance sheet date.

We offset financial assets and liabilities and report the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### *Financial Assets at Fair Value Through Profit or Loss*

We classify a financial asset as financial asset at fair value through profit or loss if we acquired it principally for the purpose of selling in the short term. We classify derivative financial instruments in this category unless they are designated as hedges. Assets in this category are classified as current assets if they mature within 12 months from the respective balance sheet date.

Our derivative financial instruments do not qualify for hedge accounting, and are classified in this category. We recognize them initially at fair value on the dates the derivative contracts were entered into and subsequently re-measure them at fair value. Such fair-value changes are recognized immediately in the combined statements of comprehensive income within "other gains/(losses)—net."

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. We classify them as current assets, except for those with maturities greater than 12 months from the balance sheet date, which we classify as non-current assets.

We initially recognize loans and receivables at fair value plus transaction costs and subsequently carry them at amortized cost using the effective interest method. We assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. We derecognize financial assets when the rights to receive cash flows from the assets have

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expired or have been transferred and we have transferred substantially all risks and rewards of ownership.

*Trade and Other Receivables.* We initially recognize trade and other receivables at fair value and subsequently measure them at amortized cost using the effective interest method, less provision for impairment. We establish a provision for impairment of trade and other receivables when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. We consider significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganizations and default or delinquency in payments to be indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. We reduce the carrying amount of the assets through the use of an allowance account, and we recognize the amount of the loss in the combined statements of comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. We credit subsequent recoveries of amounts previously written off against administrative expenses in the combined statements of comprehensive income.

### ***Inventories***

We state inventories at the lower of cost and net realizable value. We determine cost using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

### ***Property, Plant and Equipment***

We state property, plant and equipment at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items of property, plant and equipment.

We include subsequent costs in an asset's carrying amount or recognize them as a separate asset, as appropriate, only when it is probable that we will receive the future economic benefits associated with the item and that the cost of the item can be measured reliably. We derecognize from the carrying amount any replaced part. We charge all other repairs and maintenance to the combined statements of comprehensive income during the financial period in which they are incurred.

We calculate the depreciation of property, plant and equipment using the straight-line method to allocate their costs, less their estimated residual value, if any, over their estimated useful lives, as follows:

Buildings .....	20 years
Plant and machinery .....	5 - 10 years
Office equipment .....	3 - 5 years
Furniture and fixtures .....	5 years
Motor vehicles .....	4 - 10 years

We state construction in progress, which refers to direct expenditures for the construction of buildings, at cost. Capitalized costs include costs incurred during the construction phase which directly relates to the asset under construction. Once all the activities necessary to prepare an asset to be available for use are substantially completed, we transfer the construction in progress to property, plant and equipment. No depreciation is provided in respect of construction in progress.



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We review and adjust the assets' useful lives and residual value, as appropriate, at the end of each reporting period. We immediately write down an asset's carrying amount to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. We determine gains or losses on disposals by comparing the proceeds with the carrying amounts and recognize such amounts in the combined statements of comprehensive income.

### ***Impairment of Investments in Subsidiaries and Non-financial Assets***

We review assets for impairment whenever events or changes in circumstances indicate that certain carrying amount may not be recoverable. We recognize an impairment loss for the amount by which the asset's carrying amount exceeds its recoverable amount. We recognize the recoverable amount at the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, we group assets at the lowest levels for which there are separately identifiable cash flows (cash-generating units). We review at each balance sheet date non-financial assets other than goodwill that suffered an impairment for possible reversal of the impairment.

### ***Income Taxes***

We are subject to income tax in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current income tax and deferred tax provision in the period in which such determination is made.

### ***Identification of Functional Currencies***

The functional currency for each entity in our Group is the currency of the primary economic environment in which it primarily generates and expends cash. The determination of functional currencies involves significant judgment. We reconsider the functional currencies of our entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. Due to the existence of various functional currencies in our Group, there are currency translation differences when we combine results of the entities in our Group and present the combined financial information in H.K. dollars, which is our presentation currency, which we record as "other comprehensive income" in our combined statements of comprehensive income.

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### Combined Statements of Comprehensive Income

The table below summarizes our combined results for the years ended September 30, 2010, 2011 and 2012.

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Revenue .....	1,366.9	2,090.6	2,437.0
Cost of sales .....	(1,075.0)	(1,585.9)	(1,822.1)
<b>Gross profit</b> .....	291.9	504.7	614.9
Distribution and selling expenses .....	(115.6)	(89.3)	(102.6)
Administrative expenses .....	(80.1)	(82.3)	(138.7)
Other income .....	7.0	7.8	4.0
Other gains/(losses)—net .....	5.7	(45.2)	27.2
<b>Operating profit</b> .....	108.9	295.7	404.8
Finance income .....	0.2	0.2	0.2
Finance costs .....	(14.1)	(21.5)	(25.7)
Finance costs—net .....	(13.9)	(21.3)	(25.5)
<b>Profit before income tax</b> .....	94.9	274.4	379.3
Income tax expense .....	(8.2)	(14.1)	(22.2)
<b>Profit for the year/period</b> .....	86.7	260.3	357.1
<b>Other comprehensive income</b>			
Currency translation differences .....	(5.5)	9.6	0.5
<b>Total comprehensive income for the year</b> .....	81.2	269.9	357.6
<b>Profit attributable to:</b>			
Equity holders of the Company .....	86.7	260.3	357.1
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company .....	81.2	269.9	357.6

### Revenue

We derive revenue from three product categories: (i) Electronics Parts; (ii) Branded OPLV Products; and (iii) Construction and Industrial Products, as described in detail in the section entitled “Business—Our Products” on page 110 of this prospectus. The following table sets out our revenue by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Revenue</b>						
Electronics Parts .....	119.8	8.8%	791.5	37.9%	1,143.5	46.9%
Branded OPLV Products .....	129.4	9.4%	182.7	8.7%	258.2	10.6%
Construction and Industrial Products .....	1,117.7	81.8%	1,116.4	53.4%	1,035.3	42.5%
<b>Total</b> .....	1,366.9	100.0%	2,090.6	100.0%	2,437.0	100.0%

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We have derived significant portions of our revenue from the Foxconn Companies and the P & O Companies, as set out in the following table:

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in millions)		
P & O Companies	402.0	624.0	629.1
Foxconn Companies	107.2	786.2	1,113.0

*Electronics Parts.* The following table sets out the sales revenue, sales volume and average selling price of our Electronics Parts during the Track Record Period:

	Year ended September 30,					
	2010		2011		2012	
<b>Electronics Parts</b>						
Sales revenue (HK\$ in millions)	119.8	100%	791.5	100%	1,143.5	100%
From the Foxconn Companies	107.2	89.5%	786.2	99.3%	1,113.0	97.3%
From other customers	12.6	10.5%	5.3	0.7%	30.5	2.7%
Sales volume (MT)	5,612.7	100%	26,816.8	100%	31,945.5	100%
To the Foxconn Companies	5,001.1	89.1%	26,596.5	99.2%	30,629.6	95.9%
To other customers	611.6	10.9%	220.3	0.8%	1,315.9	4.1%
Average selling price (HK\$/kilogram)	21.3		29.5		35.8	
Foxconn Companies	21.4		29.6		36.3	
Other customers	20.6		24.1		23.2	

As illustrated above, sales to the Foxconn Companies accounted for a majority of our Electronics Parts sales during the Track Record Period, particularly for the year ended September 30, 2011, when we started to supply to the Foxconn Companies aluminum plates for the popular multimedia tablets and laptop computers, and for the year ended September 30, 2012, when we also started to supply to the Foxconn Companies aluminum unibody chassis for the multimedia tablets. The average price of our sales to the Foxconn Companies increased steadily during the Track Record Period primarily due to (i) such new types of products supplied which were more value-added; and (ii) an increase in aluminum ingot price.

*Branded OPLV Products.* The following table sets out the sales revenue, sales volume and average selling price of our Branded OPLV Products during the Track Record Period:

	Year ended September 30,		
	2010	2011	2012
<b>Branded OPLV Products</b>			
Sales revenue (HK\$ in millions)	129.4	182.7	258.2
Sales volume (MT)	4,462.0	5,727.4	7,535.3
Average selling price (HK\$/Kilogram)	29.0	31.9	34.3

The average selling price of our Branded OPLV Products increased gradually over time during the Track Record Period, primarily due to the increase in aluminum ingot price which we passed on to our customers.

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*Construction and Industrial Products.* The following table sets out the sales revenue, sales volume and average selling price of our Construction and Industrial Products:

	Year ended September 30,		
	2010	2011	2012
<b>Construction and Industrial Products</b>			
Sales revenue (HK\$ in millions) .....	1,117.7	1,116.4	1,035.3
Sales volume (MT) .....	41,046.8	34,858.5	30,857.8
Average selling price (HK\$/Kilogram) .....	27.2	32.0	33.6

The average selling price of our Construction and Industrial Products increased steadily during the Track Record Period primarily due to (i) the increase in aluminum ingot price and (ii) the appreciation of Australian dollars against H.K. dollars as Australia was the largest market for our Construction and Industrial Products during the Track Record Period.

We also assess our revenue from a geographical perspective. During the Track Record Period, we derived revenue from five geographic regions: the PRC, Australia, North America (Canada and the United States), Hong Kong and others (namely, South Africa and Malaysia). The following table sets out the composition of our revenue by geographic location for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
(HK\$ in millions, except percentages)						
<b>Revenue</b>						
PRC .....	501.5	36.7%	1,174.7	56.2%	1,530.1	62.8%
Australia .....	679.1	49.7%	732.7	35.0%	732.8	30.1%
North America .....	119.6	8.7%	53.4	2.6%	50.5	2.1%
Hong Kong .....	55.6	4.1%	96.6	4.6%	71.1	2.9%
Others .....	11.1	0.8%	33.2	1.6%	52.5	2.1%
<b>Total</b> .....	<u>1,366.9</u>	<u>100.0%</u>	<u>2,090.6</u>	<u>100.0%</u>	<u>2,437.0</u>	<u>100.0%</u>

Our revenue from sales to North America decreased substantially during the Track Record Period primarily as a result of anti-dumping and countervailing duties imposed on our products exported to Canada and the United States. See “Business—Customers, Sales, Marketing and Distribution—Export—Anti-dumping and Countervailing Duties” on page 133 of this prospectus. Government trade measures applicable to our products were also instituted in Australia, our largest export market. However, our sales in Australia were not seriously affected because (i) the measures were not as severe as those imposed in Canada or the United States; and (ii) the Australian dollar appreciated against the U.S. dollar and the H.K. dollar during the same period, offsetting the measures’ negative impact on our sales volume to Australia, which actually decreased in the year ended September 30, 2011 as compared to the year before. In addition, we have endeavored to and plan to continue to mitigate the impact of the anti-dumping and countervailing duties by further processing and assembling our products into assembled, “ready-for-sale” (i.e., finished) goods (for example, fences, bed frames and windows) and encouraging importers in Australia and Canada to buy such goods from us which are under different customs codes from unfinished goods and not subject to the duties. We are also in the course of diversifying markets for our Construction and Industrial Products by developing the Hong Kong and South African markets.

### **Cost of Sales**

Our cost of sales consists primarily of the cost of aluminum ingots, other raw materials, wages, utilities, depreciation and non-refundable VAT.

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The following table sets out the principal components of our cost of sales and their relative percentages of our total cost of sales for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Cost of sales</b>						
Aluminum ingots .....	813.4	75.7%	1,205.5	76.0%	1,297.8	71.2%
Other raw materials .....	144.1	13.4%	210.5	13.3%	266.7	14.6%
Wages .....	37.9	3.5%	52.4	3.3%	114.0	6.3%
Utilities .....	34.2	3.2%	41.9	2.6%	60.6	3.3%
Depreciation .....	17.7	1.6%	20.6	1.3%	44.1	2.4%
Non-refundable VAT .....	21.9	2.0%	48.8	3.1%	30.5	1.7%
Others .....	5.8	0.6%	6.2	0.4%	8.4	0.5%
<b>Total</b> .....	<u>1,075.0</u>	<u>100.0%</u>	<u>1,585.9</u>	<u>100.0%</u>	<u>1,822.1</u>	<u>100.0%</u>

*Aluminum ingots.* The cost of aluminum ingots is our primary cost of sales. During the years ended September 30, 2010, 2011 and 2012, we spent HK\$813.4 million, HK\$1,205.5 million and HK\$1,297.8 million, respectively, for the purchase of aluminum ingots, representing 75.7%, 76.0% and 71.2% of our cost of sales, respectively. During the Track Record Period, our purchase price of aluminum ingots generally fluctuated with the market. The prices were slightly magnified in our financial statements due to the gradual appreciation of the Renminbi against the Hong Kong dollar during the Track Record Period, as we purchase aluminum ingots with Renminbi. Our average purchase price of aluminum ingots during the Track Record Period was HK\$17.56 per kilogram. The table below sets forth our maximum, minimum and average purchase price of aluminum ingots for the periods indicated.

	Year ended September 30,		
	2010	2011	2012
	(HK\$ per kilogram)		
<b>Aluminum ingots</b>			
Maximum purchase price .....	18.01	19.19	18.95
Minimum purchase price .....	13.07	16.21	16.04
Average purchase price .....	15.91	17.89	18.44

*Other raw materials.* Other raw materials used in our production primarily include magnesium, silicon, sulfuric acid, powder paint and PVDF paint. During the years ended September 30, 2010, 2011 and 2012, we spent HK\$144.1 million, HK\$210.5 million and HK\$266.7 million, respectively, for these other raw materials, representing 13.4%, 13.3% and 14.6% of our cost of sales, respectively.

*Wages.* Wages include staff salaries and bonuses and fees paid to the third-party staffing company. During the years ended September 30, 2010, 2011 and 2012, we spent HK\$37.9 million, HK\$52.4 million and HK\$114.0 million, respectively, on wages. Our spending on wages increased steadily during the Track Record Period primarily due to (i) increased headcount; (ii) rising wage levels in our production base in China; and (iii) the appreciation of the Renminbi against H.K. dollars.

*Utilities.* Our manufacturing operations require substantial amounts of water and electricity. During the years ended September 30, 2010, 2011 and 2012, we spent HK\$34.2 million, HK\$41.9 million and HK\$60.6 million, respectively, on utilities.

*Non-refundable VAT.* Pursuant to PRC regulations, export sales are generally exempt from VAT. The PRC central government generally gives an exporter a full refund of the input VAT paid on the materials used for export sales, at the rate of 17%. However, certain specified categories of products can only enjoy a lower VAT refund. See “Regulations—Overview of PRC Regulations—Taxation—

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Value-Added Tax.” Some of our exported products enjoy a lower VAT refund at the rate of 13%, which on a net basis results in 4% non-refundable VAT for us on such portion of export sales. We record this differential in the cost of sales of the respective export sales. During the years ended September 30, 2010, 2011 and 2012, we incurred HK\$21.9 million, HK\$48.8 million and HK\$30.5 million, respectively, on non-refundable VAT.

### Gross Profit

During the years ended September 30, 2010, 2011 and 2012, our gross profit was HK\$291.9 million, HK\$504.7 million and HK\$614.9 million, respectively, and our gross profit margin was 21.4%, 24.1% and 25.2%, respectively. The increasing trend in our gross profit was due to the expansion of our operations with increased sales. The changes in our gross profit margin were mainly due to changes in our product mix.

The following table sets out our gross profit and gross profit margin by product category for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
Electronics Parts .....	9.3	7.7%	183.0	23.1%	317.5	27.8%
Branded OPLV Products .....	32.3	24.9%	43.7	23.9%	58.6	22.7%
Construction and Industrial Products .....	250.3	22.4%	278.0	24.9% <sup>(1)</sup>	238.8	23.1% <sup>(1)</sup>
<b>Total</b> .....	<u>291.9</u>	21.4%	<u>504.7</u>	24.1%	<u>614.9</u>	25.2%

Note:

- (1) During the Track Record Period, the Australian dollar appreciated against the H.K. dollar, which buoyed the gross profit margins of our Construction and Industrial Products, which we sold to the Australian market in large quantities. Had the Australian dollar-H.K. dollar exchange rate been held constant at 6.95, the average rate for our internal purposes for the year ended September 30, 2010, all else being equal, the gross profit margin for our Construction and Industrial Products would have been 17.5% and 14.5% for the years ended September 30, 2011 and 2012, respectively.

A significant percentage of our Electronics Parts sales during the Track Record Period was derived from the Foxconn Companies. The gross profit margins of our sales to the Foxconn Companies have historically been higher than those for our other sales. Such gross profit margins were determined by the average selling prices and the corresponding cost of sales of the various types of products we supplied to the Foxconn Companies. Both the average selling prices and the cost of sales could in turn be materially affected by the price of aluminum ingot. The following table sets forth a *pro forma* analysis of what such gross profit margins would have been had the aluminum ingot price remained constant:

	Year ended September 30,		
	2010	2011	2012
<b>Gross profit margin of sales to Foxconn Companies</b>			
Assuming a constant aluminum ingot price of HK\$15,911 per MT (average aluminum ingot price for the year ended September 30, 2010) .....	8.1%	23.5%	30.1%

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The following table sets out the gross profit and gross profit margin of our Construction and Industrial Products by market for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Construction and Industrial Products</b>						
PRC .....	15.5	6.2%	12.2	6.1%	10.1	7.9%
Australia .....	202.1	29.8%	234.5	32.0%	207.1	28.3%
North America .....	17.1	14.3%	7.0	13.1%	3.1	6.2%
Hong Kong .....	15.2	27.3%	22.1	22.9%	16.6	23.3%
Others .....	0.3	3.1%	2.1	6.5%	1.9	3.6%
<b>Total</b> .....	<u>250.3</u>	<u>22.4%</u>	<u>278.0</u>	<u>24.9%</u>	<u>238.8</u>	<u>23.1%</u>

The gross profit margins of our Construction and Industrial Products sold to Australia were affected by a number of factors, some of which were common to all market participants. To illustrate the effect of each of such factors, the following table sets out *pro forma* analyses of what such gross profit margins would have been based on the counterfactual assumptions set forth below.

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
<b>Pro Forma Gross Profit and Gross Profit Margin</b>						
Assuming a constant Australian dollar-H.K. dollar exchange rate of 6.95 (average exchange rate for the year ended September 30, 2010*) .....	202.1	29.8%	134.5	21.3%	103.7	16.5%
Assuming the elimination of volume discounts to the P & O Companies .....	258.2	35.1%	265.7	34.8%	237.2	31.1%
Assuming a constant aluminum ingot price of HK\$15,911 per MT (average aluminum ingot price for the year ended September 30, 2010) .....	202.1	29.8%	234.5	33.9%	207.1	30.4%
Assuming an average selling price of A\$4,372 per MT (average selling price per MT to the P & O Companies for the year ended September 30, 2010) .....	202.1	29.8%	223.6	31.0%	179.2	25.4%

\* The average Australian dollar-H.K. dollar exchange rate for the year ended September 30, 2010 was lower than those for the years ended September 30, 2011 and 2012.

### **Distribution and Selling Expenses**

Our distribution and selling expenses primarily consist of shipping costs and compensation for our sales team, as well as costs for advertising, sales consultancy fees (paid to an overseas consultancy for order management, technical communication and import arrangements in relation to our business transactions with a customer in Australia, as requested by the customer), trade tariffs (primarily those paid by our former subsidiaries in Australia prior to their disposal for importing our products to Australia and those we agreed to bear in relation to our exports to North America) and traveling expenses. We agreed to bear trade tariffs in relation to certain exports to North America as a convenience to a customer at its request. The charges to such customer for these sales were grossed up to include our expenses for trade tariffs.

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The following table sets out the breakdown of our distribution and selling expenses for the periods indicated:

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
Advertising .....	7.0	6.1%	6.4	7.2%	8.1	7.9%
Sales consultancy fees .....	1.5	1.3%	6.4	7.2%	2.5	2.4%
Sales commission .....	0.5	0.4%	0.3	0.3%	0.4	0.4%
Shipping .....	62.0	53.6%	45.7	51.2%	56.8	55.4%
Tariffs .....	10.4	9.0%	—	—	—	—
Staff compensation .....	28.6	24.8%	24.1	27.0%	27.2	26.5%
Traveling expenses .....	5.6	4.8%	6.4	7.1%	7.6	7.5%
<b>Total</b> .....	<u>115.6</u>	<u>100.0%</u>	<u>89.3</u>	<u>100.0%</u>	<u>102.6</u>	<u>100.0%</u>

### **Administrative Expenses**

Our administrative expenses primarily consist of remuneration for our administrative staff, rent payments, depreciation, provision for doubtful debts, legal and professional fees, insurance, travelling expenses and other miscellaneous administrative expenses, including various standard government levies such as the real estate tax, levee fees and stamp duties.

	Year ended September 30,					
	2010		2011		2012	
	(HK\$ in millions, except percentages)					
Staff costs .....	30.9	38.6%	38.1	46.3%	62.0	44.7%
Rent and rates .....	4.1	5.1%	1.5	1.8%	2.6	1.9%
Depreciation .....	3.9	4.9%	6.4	7.8%	3.5	2.5%
Provision for doubtful debts .....	7.3	9.1%	(5.7)	(6.9)%	—	—
Audit fee .....	3.4	4.2%	3.6	4.4%	3.8	2.7%
Legal and professional fees .....	6.0	7.5%	2.8	3.4%	28.4	20.5%
Insurance .....	1.9	2.4%	2.0	2.4%	3.6	2.6%
Travelling expenses .....	3.2	4.0%	3.0	3.6%	4.2	3.0%
Others .....	19.4	24.2%	30.6	37.2%	30.6	22.1%
	<u>80.1</u>	<u>100.0%</u>	<u>82.3</u>	<u>100.0%</u>	<u>138.7</u>	<u>100.0%</u>

### **Other Income**

Our other income primarily consists of (i) a grant we received from the Zengcheng government recognizing us as an advanced-technology enterprise; (ii) license fee income from one of our major customers in Australia and former subsidiary, P & O Group, for continuing to use our trade name “PanAsia” for a period after we disposed of our interests in December 2009 (see “Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship” on page 120 of this prospectus); (iii) the forfeiture of a customer’s deposit upon expiration of the relevant contract; and (iv) interest income on overdue trade receivables from P & O Group (see “—Current Assets and Current Liabilities Analysis—Trade Receivables - Net” below).

### **Other Gains/(Losses)—Net**

Our other gains/(losses)—net mainly consist of net exchange gains, fair-value losses on derivative financial instruments and gains on disposal of subsidiaries. For the years ended September 30, 2010, 2011 and 2012, our other gains/(losses)—net were HK\$5.7 million, HK\$(45.2) million and HK\$27.2 million, respectively.



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The following table sets out the breakdown of our other gains/(losses)—net for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Net exchange gains/(losses) . . . . .	20.7	(22.3)	27.6
Fair value loss on derivative financial instruments—foreign exchange forward contracts . . . . .	(19.3)	(22.7)	(0.5)
Gain on disposal of subsidiaries . . . . .	3.9	—	—
Fair value gain/(loss) on derivative financial instruments—equity index embedded derivative . . . . .	0.4	(0.2)	0.1
Total . . . . .	<u>5.7</u>	<u>(45.2)</u>	<u>27.2</u>

The combined impact of net exchange gains/(losses) and fair value loss on derivative financial instruments—foreign exchange forward contracts was positive for us for each of the years/periods during the Track Record Period except the year ended September 30, 2011. The combined loss during that year was primarily a result of unrealized losses on period-end translations of our significant Australian dollar-denominated trade receivables, triggered by strong depreciation of the Australian dollar against the Hong Kong dollar in August and September 2011, as well as cumulative losses on our foreign exchange forward contracts as described further below.

*Net exchange gains/(losses).* Our net exchange gains/(losses) comprise (i) unrealized gains or losses on period-end translation of foreign currency-denominated balance sheet items into functional currencies of the Group companies; and (ii) realized gains or losses on trade transactions triggered by fluctuations in currency exchange rates.

*Fair value losses on derivative financial instruments—foreign exchange forward contracts.* In the year ended September 30, 2010, in light of our significant Australian dollar-denominated receivables from our Australian customers and to hedge the risk of depreciation of the Australian dollar against the U.S. dollar, we entered into certain “knock-out” foreign-exchange forward contracts with our principal banker HSBC, as counterparty, to sell Australian dollars and buy U.S. dollars at specified exchange rates on specified future dates. We also entered into plain foreign-exchange forward contracts throughout the Track Record Period, also with HSBC as counterparty.

The “knock-out” contracts were leveraged derivative financial products that offered potentially higher returns to us than the plain contracts, but correspondingly carried higher potential risks as well. We entered into one “knock-out” contract in each of June, July and September 2010, and each contract set up 12 monthly trades to be settled in the following year, on specified settlement dates, for a total of 36 trades. The moniker “knock-out” refers to the feature of such contracts under which if the spot market exchange rate, in our case between the Australian dollar and the U.S. dollar, ever trades at or below a specified “knock-out” rate (contemplating a very weak Australian dollar), the obligations on both counterparties for the remaining scheduled trades under the contract will be relieved, leaving us unhedged. Provided that the contract is not “knocked out,” the trades will be executed according to the terms of the contract. With respect to each trade, we and HSBC, our counterparty, will be obligated to exchange Australian dollars and U.S. dollars at a specified “strike” price on the settlement date. The amount for each trade will depend on the spot market exchange rate on a specified “expiration date,” which falls a few days before the settlement date:

- (i) if the spot market exchange rate is at or below the “strike” price, the trade amount will be A\$1,000,000.
- (ii) if the spot market exchange rate is above the “strike” price, the trade amount will “accelerate” to A\$2,000,000.

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Inherent in the risk-reward design of the contract, the “knock-out” feature provides a floor to our counterparty’s downside exposure and the acceleration feature potentially enhances our counterparty’s gain at our expense, allowing the “strike” prices to be more favorable to us as compared to market forward rates referenced by plain forward contracts. The “knock-out” rates offered by HSBC in the contracts we entered into during the Track Record Period were set at approximately 90% of the “strike” prices, which we considered to be market standard. None of these contracts were “knocked out” leaving us un-hedged against the depreciation of the Australian dollar.

The tables below outline key terms of the “knock-out” contracts we entered into and executed and the valuation gains/(losses) we experienced from such contracts:

### *The June 2010 contract*

Trade no.	Expiration date	Settlement date	“Strike” price (US\$/A\$)	“Knock-out” rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1.	July 12, 2010	July 14, 2010	0.9000	0.8000	0.8520	1,000,000	374,400
2.	August 10, 2010	August 12, 2010	0.9000	0.8000	0.9006	2,000,000	(9,400)
3.	September 10, 2010	September 14, 2010	0.9000	0.8000	0.8865	2,000,000	210,600
4.	October 12, 2010	October 14, 2010	0.9000	0.8000	0.9700	2,000,000	(1,092,000)
5.	November 10, 2010	November 12, 2010	0.9000	0.8000	0.9747	2,000,000	(1,165,400)
6.	December 10, 2010	December 14, 2010	0.9000	0.8000	0.9561	2,000,000	(875,200)
7.	January 10, 2011	January 12, 2011	0.9000	0.8000	1.0172	2,000,000	(1,828,400)
8.	February 10, 2011	February 14, 2011	0.9000	0.8000	0.9976	2,000,000	(1,522,600)
9.	March 10, 2011	March 14, 2011	0.9000	0.8000	1.0171	2,000,000	(1,826,800)
10.	April 11, 2011	April 13, 2011	0.9000	0.8000	1.0343	2,000,000	(2,095,000)
11.	May 10, 2011	May 12, 2011	0.9000	0.8000	1.0959	2,000,000	(3,056,000)
12.	June 10, 2011	June 15, 2011	0.9000	0.8000	1.0652	2,000,000	(2,577,200)
							(15,463,000)

### *The July 2010 contract*

Trade no.	Expiration date	Settlement date	“Strike” price (US\$/A\$)	“Knock-out” rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/(losses) <sup>(1)</sup> (HK\$)
1.	August 10, 2010	August 12, 2010	0.9260	0.8200	0.9006	1,000,000	198,100
2.	September 10, 2010	September 14, 2010	0.9260	0.8200	0.8865	1,000,000	308,100
3.	October 8, 2010	October 12, 2010	0.9260	0.8200	0.9700	2,000,000	(686,400)
4.	November 10, 2010	November 12, 2010	0.9260	0.8200	0.9747	2,000,000	(759,800)
5.	December 10, 2010	December 14, 2010	0.9260	0.8200	0.9561	2,000,000	(469,600)
6.	January 10, 2011	January 12, 2011	0.9260	0.8200	1.0172	2,000,000	(1,422,800)
7.	February 10, 2011	February 14, 2011	0.9260	0.8200	0.9976	2,000,000	(1,117,000)
8.	March 10, 2011	March 14, 2011	0.9260	0.8200	1.0171	2,000,000	(1,415,828)
9.	April 8, 2011	April 12, 2011	0.9260	0.8200	1.0343	2,000,000	(1,689,400)
10.	May 10, 2011	May 12, 2011	0.9260	0.8200	1.0959	2,000,000	(2,650,400)
11.	June 10, 2011	June 15, 2011	0.9260	0.8200	1.0652	2,000,000	(2,171,600)
12.	July 8, 2011	July 12, 2011	0.9260	0.8200	1.0718	2,000,000	(2,274,400)
							(14,151,028)

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### *The September 2010 contract*

Trade no.	Expiration date	Settlement date	"Strike" price (US\$/A\$)	"Knock-out" rate (US\$/A\$)	Exchange rate (US\$/A\$)	Executed trade amount (A\$)	Valuation gains/ (losses) <sup>(1)</sup> (HK\$)
1.	September 20, 2010	September 22, 2010	0.9450	0.8420	0.8865	1,000,000	456,300
2.	October 20, 2010	October 22, 2010	0.9450	0.8420	0.9700	2,000,000	(390,000)
3.	November 19, 2010	November 23, 2010	0.9450	0.8420	0.9747	2,000,000	(463,400)
4.	December 20, 2010	December 22, 2010	0.9450	0.8420	0.9561	2,000,000	(173,200)
5.	January 20, 2011	January 24, 2011	0.9450	0.8420	1.0172	2,000,000	(1,126,400)
6.	February 18, 2011	February 22, 2011	0.9450	0.8420	1.0017	2,000,000	(820,600)
7.	March 18, 2011	March 22, 2011	0.9450	0.8420	1.0171	2,000,000	(1,124,800)
8.	April 20, 2011	April 27, 2011	0.9450	0.8420	1.0343	2,000,000	(1,393,000)
9.	May 20, 2011	May 24, 2011	0.9450	0.8420	1.0959	2,000,000	(2,354,000)
10.	June 20, 2011	June 22, 2011	0.9450	0.8420	1.0652	2,000,000	(1,875,200)
11.	July 20, 2011	July 22, 2011	0.9450	0.8420	1.0718	2,000,000	(1,978,000)
12.	August 19, 2011	August 23, 2011	0.9450	0.8420	1.0754	2,000,000	(2,304,200)
							<u>(13,546,500)</u>

*Note:*

(1) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

The plain foreign-exchange forward contracts, by comparison, are not leveraged and have a simpler structure. We frequently entered into such plain contracts during the Track Record Period, often several each month, to hedge our exposure to depreciation of the Australian dollar against the Hong Kong dollar. Under these plain contracts, we and HSBC, our counterparty, agreed to exchange specified amounts of Australian dollars for Hong Kong dollars on specified future dates at specified forward exchange rates. If, with respect to each settlement, the spot market exchange rate as of the current month-end is lower than the forward exchange rate, we realize a valuation gain, which mitigates the negative effects of a weak Australian dollar on our Australian dollar-denominated assets. Conversely, if the spot market exchange rate as of the current month-end is higher than the forward exchange rate, we realize a valuation loss, while our Australian dollar-denominated assets benefit from a strong Australian dollar.

The table below summarizes the maximum value of outstanding plain foreign-exchange forward contracts we held at any time during the periods indicated and the aggregate valuation gains/(losses) we experienced from the settlement of such contracts:

	Year ended September 30,			September 30,
	2010	2011	2012	2012 to Latest Practicable Date
<b>Foreign-exchange forward contracts</b>				
Maximum value (A\$ in millions) <sup>(1)</sup> . . . . .	6.8	4.0	16.0	18.0
Fair-value gains/(losses) (HK\$ in millions) <sup>(2)</sup> . . . . .	(0.2)	(0.5)	(0.5)	(2.2)

*Note:*

(1) Equals the maximum aggregate notional amount of foreign-exchange forward contracts outstanding at any time during the period.

(2) Calculated on the basis of the spot market exchange rate as of the month-end with respect to each settlement.

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The table below outlines key terms of the outstanding plain forward contracts we held as of the Latest Practicable Date:

Contract no.	Contract date	Settlement date	Forward rate (HK\$/A\$)	Nominal amount (A\$)	Valuation gains/ (losses) <sup>(1)</sup> (HK\$)
1	November 2, 2012	January 16, 2013	8.0000	1,000,000	(163,700)
2	November 7, 2012	January 23, 2013	7.9940	1,000,000	(169,700)
3	November 7, 2012	January 30, 2013	7.9890	1,000,000	(174,700)
4	November 7, 2012	February 6, 2013	7.9850	1,000,000	(178,700)
5	November 7, 2012	February 19, 2013	8.0100	1,000,000	(153,700)
6	November 14, 2012	February 27, 2013	8.0050	1,000,000	(158,700)
7	November 14, 2012	March 6, 2013	8.0000	1,000,000	(163,700)
8	November 14, 2012	March 13, 2013	7.9970	1,000,000	(166,700)
9	December 6, 2012	March 20, 2013	8.0220	1,000,000	(141,700)
10	December 6, 2012	March 27, 2013	8.0180	1,000,000	(145,700)
11	December 6, 2012	April 3, 2013	8.0130	1,000,000	(150,700)
12	January 8, 2013	April 10, 2013	8.0365	1,000,000	(127,200)
13	January 8, 2013	April 17, 2013	8.0325	1,000,000	(131,200)
14	January 8, 2013	April 24, 2013	8.0280	1,000,000	(135,700)

Note:

(1) Unrealized gains or losses measured on the basis of the spot market exchange rate of 8.1637 as of the end of January 16, 2013.

Since both types of foreign-exchange contracts are derivative financial instruments, we hold them at fair value, which is linked to the spot market exchange rates. We calculate fair-value gains or losses from each such contract based on the differentials between the actual settlement prices and the spot market exchange rates as of the month-end prior to the respective settlement dates. For the years ended September 30, 2010 and 2011, we recognized fair-value losses in the “knock-out” contracts of HK\$20.3 million and HK\$22.9 million, respectively, due to strong appreciation of the Australian dollar against the U.S. dollar, slightly offset by fair-value gains from the plain contracts of HK\$1.0 million and HK\$0.2 million, respectively.

Our foreign-currency hedging is overseen by our chief executive officer, finance director and chief financial officer following our internal hedging policy. Our chief executive officer, finance director and chief financial officer have had substantial experience with foreign exchange transactions and dealt with foreign exchange in real commercial circumstances on a daily basis. On a daily basis, our staff reports the Australian dollar exchange rates quoted from the foreign exchange division of HSBC, our counterparty in foreign-exchange transactions, including spot and forward rates, to such senior members of management for review. Our chief financial officer will estimate the Australian dollar amounts to be received in the current week and the following month, review the market exchange rates and our current hedging coverage and make a recommendation to our chief executive officer and finance director whether we should enter into a forward contract. Our chief executive officer, finance director and chief financial officer will collectively review the exchange rates and our financial position in making the determination on a daily basis. The chief financial officer, with the assistance of accountants, will implement approved transactions with our counterparty bank. Once the forward contract has been finalized with the bank, the transaction will be included in the daily bank balance position report sent to our chief executive officer, finance director and chief financial officer. Our chief financial officer, with the assistance of accountants, is responsible for overseeing the settlement of signed forward contracts with our counterparty bank on the scheduled settlement dates. We complied with such hedging policies and procedures during the Track Record Period and up to the Latest Practicable Date.

As illustrated above, the “knock-out” contracts we entered into during the Track Record Period offered us protection against the depreciation of the Australian dollar. These contracts, on the other

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hand, proved counter-productive during periods of *appreciation* of the Australian dollar, incurring fair-value losses for us which offset gains on our Australian dollar-denominated assets. On balance, we believe it will be beneficial for us in the long run to maintain a lower-risk hedging policy.

Going forward, therefore, we plan to continue to purchase the plain foreign-exchange forward contracts to hedge our exposure to foreign-exchange risk, but do not intend to acquire any high-risk derivative instruments, including the “knock-out” contracts. We plan to continue to conduct a daily review of the Australian dollar to Hong Kong dollar exchange rate and estimated Australian dollar amounts to be received in the following month, and we will enter into a plain foreign-exchange forward contract when we believe our exposure to a depreciation of the Australian dollar is relatively high and the forward foreign-exchange rate is favorable, in an amount commensurate with, and up to 75% of, the estimated Australian dollar amounts to be received. We typically consider our exposure to a depreciation of the Australian dollar to be relatively high if the Australian dollar amounts to be received in the following month exceed 10% of our net asset value, and we typically review the market foreign-exchange rates for the preceding three months to determine whether a forward foreign-exchange rate is favorable.

*Fair value gain/(loss) on derivative financial instruments—equity index embedded derivative.* In June 2010, we purchased notes with a 3.5 year maturity from HSBC in the principal amount of US\$580,000. The return on the notes is linked to the performance of the shares of two benchmark companies listed on the Main Board. Even if both companies’ shares experience a negative performance during the term of the notes, we will still be entitled to the repayment of the principal amount in full at maturity. As such, we view the notes as a conservative investment and intend to hold them until maturity through December 2013.

### **Finance Income**

Finance income primarily consists of interest income from our bank deposits.

### **Finance Costs**

Finance costs consist of interest expense on borrowings wholly repayable within five years and the interest element of finance leases.

### **Income Tax Expense**

Our effective tax rate for the years ended September 30, 2010, 2011 and 2012 was 8.7%, 5.1% and 5.9%, respectively. The initial decrease in our effective tax rate from the year ended September 30, 2010 was primarily attributable to the increased proportion of our sales conducted through OPAL Macao (including eventual export sales and sales destined for bonded areas in China), our subsidiary in Macau, which is not subject to income tax. For details of our export practice, see “Business—Customers, Sales, Marketing and Distribution—Export” on page 131 in this prospectus. We did not enjoy any tax holiday during the Track Record Period.

### **Year Ended September 30, 2012 Compared to Year Ended September 30, 2011**

#### **Revenue**

Revenue increased by 16.6% from HK\$2,090.6 million for the year ended September 30, 2011 to HK\$2,437.0 million for the year ended September 30, 2012. The increase in revenue was primarily due to increased sales of Electronics Parts to the Foxconn Companies, supplemented by increased sales of our Branded OPLV Products in China.

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### **Cost of Sales**

Cost of sales increased by 14.9% from HK\$1,585.9 million for the year ended September 30, 2011 to HK\$1,822.1 million for the year ended September 30, 2012.

### **Gross Profit**

Our gross profit increased by 21.8% from HK\$504.7 million for the year ended September 30, 2011 to HK\$614.9 million for the year ended September 30, 2012. Our gross profit margin increased from 24.1% for the year ended September 30, 2011 to 25.2% for the year ended September 30, 2012 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 increased from 23.1% for the year ended September 30, 2011 to 27.8% for the year ended September 30, 2012, mainly because we began producing and selling CNC Products, which have a relatively high gross profit margin, in October 2011.

*Branded OPLV Products.* The gross profit margin of our Branded OPLV Products decreased from 23.9% for the year ended September 30, 2011 to 22.7% for the year ended September 30, 2012, mainly because we gave more discounts to our OPLV Distributors to reward high-performing distributors and attract new distributors in the year ended September 30, 2012 in order to consolidate and strengthen our distribution network.

*Construction and Industrial Products.* The gross profit margin of our Construction and Industrial Products, decreased from 24.9% for the year ended September 30, 2011 to 23.1% for the year ended September 30, 2012, mainly because we further processed many of our Construction and Industrial Products intended for export (particularly to Australia) to allow our customers to avoid paying anti-dumping duties, without in turn increasing our selling prices on these “ready-for-sale” products.

### **Distribution and Selling Expenses**

Distribution and selling expenses increased by 14.9% from HK\$89.3 million for the year ended September 30, 2011 to HK\$102.6 million for the year ended September 30, 2012. The increase was mainly due to an increase in shipping expenses as a result of increased freight rates and general increases in our sales commission, sales staff and travel expenses, partially offset by a decrease in sales consultancy fees in relation to our business transactions with a customer in Australia.

### **Administrative Expenses**

Administrative expenses increased significantly by 68.6% from HK\$82.3 million for the year ended September 30, 2011 to HK\$138.7 million for the year ended September 30, 2012. The increase was mainly due to an increase in our staff costs and legal and professional fees relating to this Listing as well as the recovery of a provision for trade-related doubtful debts for the year ended September 30, 2011, which was not repeated in the year ended September 30, 2012.

### **Other Income**

Other income decreased by 48.7% from HK\$7.8 million for the year ended September 30, 2011 to HK\$4.0 million for the year ended September 30, 2012. The decrease was mainly attributable to (i) the discontinuance of interest income on trade receivables because we, from January 1, 2011, agreed not to charge interest on overdue trade receivables from P & O Group in recognition of our long-term business relationship and the hardship P & O Group faced since the imposition of the anti-dumping and countervailing duties in Australia and (ii) the discontinuance of the one-off income from forfeiture of customer deposits in the year ended September 30, 2011.

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### ***Other Gains/(Losses)—Net***

Other gains/(losses)—net increased from a negative HK\$45.2 million for the year ended September 30, 2011 to HK\$27.2 million for the year ended September 30, 2012. The increase was mainly because we ceased entering into the “knock-out” foreign-exchange forward contracts, the last of which was settled in August 2011, and did not record a fair-value loss on such contracts in the year ended September 30, 2012 as compared to the year ended September 30, 2011.

### ***Finance Income***

Finance income increased by 20.8% from HK\$173,000 for the year ended September 30, 2011 to HK\$209,000 for the year ended September 30, 2012. The increase was mainly due to an increase in interest income from our increased average balances of bank deposits.

### ***Finance Costs***

Finance costs increased by 19.5% from HK\$21.5 million for the year ended September 30, 2011 to HK\$25.7 million for the year ended September 30, 2012. The increase was mainly due to an increase in interest expense on bank borrowings wholly repayable within five years, as a result of an increase in our bank borrowings to support our growth.

### ***Income Tax Expense***

Our income tax expense increased by 57.4% from HK\$14.1 million for the year ended September 30, 2011 to HK\$22.2 million for the year ended September 30, 2012, primarily due to a substantial increase in profit before income tax. Our effective tax rate increased moderately from 5.1% for the year ended September 30, 2011 to 5.9% for the year ended September 30, 2012 mainly because (i) we incurred substantial expenses relating to this Listing that were not deductible and (ii) accrued unpaid salaries in China became undeductible pursuant to a new PRC regulation, partially offset by effects of proportionally more sales (including eventual export sales and sales destined for bonded areas in China) through OPAL Macao, our subsidiary in Macau, which were exempted from Macau corporate income tax. For details of our export practice, see “Business—Customers, Sales, Marketing and Distribution—Export” on page 131 in this prospectus.

### ***Profit for the Year***

Profit for the year increased 37.2% from HK\$260.3 million for the year ended September 30, 2011 to HK\$357.1 million for the year ended September 30, 2012.

### ***Currency Translation Differences***

Currency translation differences decreased by 94.8% from HK\$9.6 million for the year ended September 30, 2011 to HK\$0.5 million for the year ended September 30, 2012, mainly because the Renminbi appreciated at a slower rate against the Hong Kong dollar during the year ended September 30, 2012 as compared to the year ended September 30, 2011.

### ***Total Comprehensive Income for the Period***

As a result of the foregoing, total comprehensive income for the year increased by 32.5% from HK\$269.9 million for the year ended September 30, 2011 to HK\$357.6 million for the year ended September 30, 2012.

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## FINANCIAL INFORMATION

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### Year Ended September 30, 2011 Compared to Year Ended September 30, 2010

#### **Revenue**

Revenue increased by 52.9% from HK\$1,366.9 million for the year ended September 30, 2010 to HK\$2,090.6 million for the year ended September 30, 2011. The increase in revenue was primarily due to increased sales of Electronics Parts to the Foxconn Companies, complemented by increased sales of our Branded OPLV Products due to an increase in the number of our OPLV Distributors in China during the year ended September 30, 2011.

#### **Cost of Sales**

Cost of sales increased by 47.5% from HK\$1,075.0 million for the year ended September 30, 2010 to HK\$1,585.9 million for the year ended September 30, 2011.

#### **Gross Profit**

Our gross profit increased by 72.9% from HK\$291.9 million for the year ended September 30, 2010 to HK\$504.7 million for the year ended September 30, 2011. Our gross profit margin increased from 21.4% for the year ended September 30, 2010 to 24.1% for the year ended September 30, 2011 due to the following changes in the gross profit margin of each of our product categories.

*Electronic Parts.* The gross profit margin of our Electronics Parts increased significantly from 7.7% for the year ended September 30, 2010 to 23.1% for the year ended September 30, 2011, mainly due to an increase in our sales of higher-quality Electronics Parts to the Foxconn Companies with higher average selling prices.

*Branded OPLV Products.* The gross profit margin of our Branded OPLV Products decreased slightly from 24.9% for the year ended September 30, 2010 to 23.9% for the year ended September 30, 2011, mainly because we provided more discounts to our OPLV Distributors in the year ended September 30, 2011 in order to expand our distribution network.

*Construction and Industrial Products.* The gross profit margin of our Construction and Industrial Products increased from 22.4% for the year ended September 30, 2010 to 24.9% for the year ended September 30, 2011, mainly because of the higher average selling prices for these products with increased exports.

#### **Distribution and Selling Expenses**

Distribution and selling expenses decreased by 22.8% from HK\$115.6 million for the year ended September 30, 2010 to HK\$89.3 million for the year ended September 30, 2011. The decrease was mainly due to the completion of our disposition of P & O Group in December 2009, because PanAsia Group Pty. Ltd. (subsequently re-named the P & O Group) as an independent customer had to bear its own selling expenses and tariffs in relation to trade transactions with us. Before the disposal, such costs were combined into our results of operations because PanAsia Group Pty. Ltd. was our wholly owned subsidiary.

#### **Administrative Expenses**

Administrative expenses increased by 2.7% from HK\$80.1 million for the year ended September 30, 2010 to HK\$82.3 million for the year ended September 30, 2011. The increase was mainly due to an increase in our staff costs and the appreciation of the Renminbi against the H.K. dollar, as well as a loss on the disposal of certain machinery, partially offset by a recovery of a previous bad debt provision.



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### ***Other Income***

Other income increased by 11.4% from HK\$7.0 million for the year ended September 30, 2010 to HK\$7.8 million for the year ended September 30, 2011. The increase was mainly due to the forfeiture of a customer's deposit, partially offset by lower income from: (i) interest on overdue trade receivables from P & O Group, as we, from January 1, 2011, agreed not to charge such interest in recognition of our long-term business relationship with P & O Group and the hardship P & O Group faced since the imposition of the anti-dumping and countervailing duties in Australia and (ii) government grant.

### ***Other Gains/(Losses)—Net***

Other gains/(losses)—net decreased from HK\$5.7 million for the year ended September 30, 2010 to a negative HK\$45.2 million for the year ended September 30, 2011. The decrease was mainly due to losses arising from certain “knock-out” foreign-exchange contracts, as well as net exchange losses related to currency fluctuation. See “—Combined Statements of Comprehensive Income—Other Gains/(Losses)—Net” above.

### ***Finance Income***

Finance income increased by 13.8% from HK\$152,000 for the year ended September 30, 2010 to HK\$173,000 for the year ended September 30, 2011. The increase was mainly due to an increase in interest income on capital guaranteed fund and bank deposits.

### ***Finance Costs***

Finance costs increased by 52.5% from HK\$14.1 million for the year ended September 30, 2010 to HK\$21.5 million for the year ended September 30, 2011. The increase was mainly attributable to an increase in interest expense on bank borrowings due to an increase in borrowings to support our growth and an increase in our effective interest rate following an increase in the PBOC benchmark interest rate.

### ***Income Tax Expense***

Our income tax expense increased by 72.0% from HK\$8.2 million for the year ended September 30, 2010 to HK\$14.1 million for the year ended September 30, 2011, primarily due to a substantial increase in profit before income tax. Our effective tax rate declined from 8.7% for the year ended September 30, 2010 to 5.1% for the year ended September 30, 2011 mainly because of the increased proportion of our sales (including eventual export sales and sales destined for bonded areas in China) conducted through OPAL Macao, our subsidiary in Macau, which was exempted from Macau corporate income tax. For details of our export practice, see “Business—Customers, Sales, Marketing and Distribution—Export” on page 131 in this prospectus.

### ***Profit for the Year***

Profit for the year increased from HK\$86.7 million for the year ended September 30, 2010 to HK\$260.3 million for the year ended September 30, 2011.

### ***Currency Translation Differences***

Currency translation differences changed from negative HK\$5.5 million for the year ended September 30, 2010 to HK\$9.6 million for the year ended September 30, 2011. The increase was mainly due to the appreciation of the Renminbi against the Hong Kong dollar.

### ***Total Comprehensive Income for the Year***

As a result of the foregoing, total comprehensive income for the year increased from HK\$81.2 million for the year ended September 30, 2010 to HK\$269.9 million for the year ended September 30, 2011.

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### Current Assets and Current Liabilities Analysis

The following table sets out our current assets and current liabilities as of the dates indicated:

	As of September 30,			As of
	2010	2011	2012	November 30, 2012*
	(HK\$ in millions)			
<b>Current assets</b>				
Inventories	132.3	187.5	208.3	205.3
Trade receivables	359.2	522.8	813.7	770.6
Prepayments, deposits and other receivables	65.0	89.2	112.7	129.4
Due from related companies	6.5	4.7	7.9	10.7
Pledged bank deposits	22.0	21.5	21.5	21.5
Cash and cash equivalents	139.5	111.4	143.3	155.1
	<u>724.5</u>	<u>937.1</u>	<u>1,307.4</u>	<u>1,292.6</u>
<b>Current liabilities</b>				
Trade payables	17.3	36.3	105.1	69.7
Other payables and accrued charges	76.7	111.7	146.0	196.3
Due to a director	8.5	—	—	—
Derivative financial instruments	21.8	—	0.3	1.8
Borrowings	279.4	314.4	602.1	620.5
Obligations under finance leases—current portion	3.8	1.5	0.4	0.8
Dividend payable	0.8	—	86.0	75.0
Current income tax liabilities	34.3	41.1	57.3	46.4
	<u>442.6</u>	<u>505.1</u>	<u>997.2</u>	<u>1,010.5</u>
<b>Net current assets</b>	<u>281.9</u>	<u>432.0</u>	<u>310.2</u>	<u>282.1</u>

\* The most recent practicable date for liquidity disclosure purposes.

We had net current assets of HK\$281.9 million, HK\$432.0 million and HK\$310.2 million as of September 30, 2010, 2011 and 2012, respectively. We had net current assets of HK\$282.1 million as of November 30, 2012, the most recent practicable date for liquidity disclosure purposes.

### Inventories

Our inventories consist of raw materials, work in progress and finished goods. The following table sets out a summary of our inventory balances as of the respective dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Raw materials	55.5	57.5	96.9
Work in progress	44.6	49.9	51.0
Finished goods	32.2	80.1	60.4
Total	<u>132.3</u>	<u>187.5</u>	<u>208.3</u>

Our inventory balance was HK\$20.8 million higher as of September 30, 2012 compared to the balance as of September 30, 2011, primarily due to an increase in our work in progress related to the expansion of our production. Our inventory balance was HK\$55.2 million higher as of September 30, 2011 compared to the balance as of September 30, 2010, primarily due to an increase in finished goods. We have not made any write-downs to our inventories.

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As of the Latest Practicable Date, 100%, 100% and 100% of our inventories of raw materials, work-in-progress and finished goods as of September 30, 2012, respectively, had been utilized.

The following table sets out our average inventory turnover days for the periods indicated:

	<u>Year ended September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Inventory turnover days <sup>(1)</sup> .....	66	37	40

*Note:*

(1) Calculated based on the average balance of inventory divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

Our average inventory turnover days for the years ended September 30, 2011 and 2012 were lower as compared to the year ended September 30, 2010 primarily because we improved sales delivery.

### **Trade Receivables—Net**

The table below sets out the breakdown of our trade receivables—net as of the dates indicated.

	<u>As of September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
(HK\$ in millions)			
Trade receivables .....	366.5	522.9	813.6
Provisions for impairment of receivables as of beginning of the year .....	(4.1)	(7.3)	(0.1)
Provisions for impairment of receivables .....	(7.3)	(0.1)	—
Receivables written off as uncollectible .....	4.1	1.5	0.1
Provisions written back .....	—	5.8	—
Provisions for impairment of receivables as of end of the year .....	(7.3)	(0.1)	—
Trade receivables—net .....	<u>359.2</u>	<u>522.8</u>	<u>813.6</u>

Our net trade receivables increased from HK\$522.8 million as of September 30, 2011 to HK\$813.6 million as of September 30, 2012, primarily due to increased sales during the year ended September 30, 2012 and our extension of credit terms to major customers from 45 days to 90 days effective from January 2012. Our net trade receivables increased from HK\$359.2 million as of September 30, 2010 to HK\$522.8 million as of September 30, 2011, in line with our increased sales.

The receivables written off as uncollectible as of September 30, 2010 included HK\$4.7 million due from PanAsia Aluminum (Toronto). The amount corresponded to a trade debt owed to PanAsia Aluminum (Toronto), which we wrote off directly as bad debt and charged to the income statement because we understood at the time that PanAsia Aluminum (Toronto) would soon be liquidated. We made sales to PanAsia Aluminum (Toronto) in the years ended September 30, 2010 and 2011 during the Track Record Period, with a total sales amount of HK\$13.7 million and HK\$8.7 million, respectively. The provisions written back as of September 30, 2011 consist of trade receivables due from Oceanic which were recovered in the year ended September 30, 2011.

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The table below sets out an aging analysis of our trade receivables based on invoice date as of the dates indicated.

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
1-30 days	133.6	145.0	242.9
31-60 days	69.7	157.3	211.8
61-90 days	34.1	67.8	134.7
91-180 days	114.1	132.3	133.6
181 days-one year	7.7	20.4	90.6
Over one year	—	—	—
Total	<u>359.2</u>	<u>522.8</u>	<u>813.6</u>

We require customers of our Branded OPLV Products to pay us the full purchase price before or upon delivery, typically in cash or by bank transfer. We generally grant other customers credit terms ranging from 45 to 90 days, and currently grant a credit period of 90 days to our major customers, including the Foxconn Companies and the P & O Companies, our major customer in Australia and former subsidiaries. We assess and provide such credit terms on a case-by-case basis, taking into consideration order size, creditworthiness and prior dealing history.

During the Track Record Period, we had significant balances of trade receivables due from the Foxconn Companies and the P & O Companies, the details of which are set forth in the table below.

	As of September 30,			As of the Latest Practicable Date
	2010	2011	2012	
	(HK\$ in millions, except percentages)			
Foxconn Companies	26.4	152.9	415.3 <sup>(1)</sup>	372.4
P & O Companies	247.3	284.8	348.7 <sup>(2)</sup>	305.2

*Notes:*

- (1) HK\$4.1 million was overdue, which amount had been fully settled as of the Latest Practicable Date.  
(2) HK\$225.0 million was overdue, which amount had been fully settled as of the Latest Practicable Date.

The table below sets out aging analyses of our trade receivables due from the P & O Companies as of September 30, 2012 based on invoice date:

	Actual		As adjusted <sup>(1)</sup>	
	(HK\$ in millions, except percentages)			
1-30 days	58.4	16.7%	59.6	17.1%
31-60 days	52.9	15.2%	52.9	15.2%
61-90 days	17.7	5.1%	52.3	15.0%
91-120 days <sup>(2)</sup>	53.8	15.4%	18.0	5.2%
121-180 days	80.2	23.0%	93.2	26.7%
181 days-one year	85.7	24.6%	72.7	20.8%
Total	<u>348.7</u>	<u>100%</u>	<u>348.7</u>	<u>100.0%</u>

*Notes:*

- (1) Adjusted assuming the trade receivables had settled on a first-in, first-out basis. Historically, a portion of our more senior trade receivables from the P & O Companies have been unsettled due to our factoring arrangements with HSBC as described below.  
(2) Of which an amount of HK\$35.7 million was aged for 91 days.

For the years ended September 30, 2010, 2011 and 2012, our revenue derived from sales to the P & O Companies amounted to HK\$402.0 million, HK\$624.0 million and HK\$629.1 million,

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respectively. We typically export our products to Australia under CIF terms, pursuant to which we bear shipping and insurance costs. The title of goods passes when they arrive at the port of destination in Australia, at which point we recognize revenue.

The high balances of trade receivables owed to us by the P & O Companies are attributable to a number of reasons. The 90-day credit term we grant to the P & O Companies has historically commenced from shipment, and shipping from our production base in China to Australia requires approximately 30 days, effectively shortening the time period within which the P & O Companies could sell such goods to their own customers to generate cash flow to settle the relevant trade debts with us. Additionally, we understand from the P & O Companies that the effects of its inventory policies and receivable days from its own customers have also compromised its ability to settle trade debts with us within the credit term. We understand that the P & O Companies experienced lengthened receivable days from some of its customers in the construction industry in Australia where market conditions were challenging during the relevant time.

We understand that any default of the trade receivables due from the P & O Companies would negatively affect our profit, cash flow and asset position. If there were such a default, we would need to make specific provision for it or directly write off the relevant receivable which would reduce our profit and asset position by the same amount. Our cash position would be affected by the non-recoverability of such receivables. We do not intend to write off, or make provisions for, the receivables from the P & O Companies, because there has been no unsettled debt in the past. We are aware of the circumstances giving rise to the receivable balances as described above. In response, we review the outstanding balances of our trade receivables, including those owed by the P & O Companies, on a monthly basis and proactively remind and seek timely settlement. Specifically, we contact the P & O Companies at every month end to understand and negotiate their settlement plan for the following month. We have since September 2012 adopted and informed the P & O Companies of the principle that no receivables overdue for more than 150 days would be acceptable and the amount of receivables overdue for more than 120 days should not exceed 20% of the total receivables. Should this principle be breached (other than for reasons of the factoring arrangements as described below), we would consider taking a number of actions, including charging interest (with prior warning) on the overdue receivables or even withholding shipment of goods. We have adopted this policy towards the P & O Companies specifically and not with other customers. There was no breach of this policy up to the Latest Practicable Date, and we believe this policy has been effective. In addition, we have agreed with the P & O Companies to amend the commencement of the credit term from shipment to arrival of the goods at the ports of destination in Australia, effective November 1, 2012. We believe this amendment harmonizes the credit policy with the shipping policy we have had with the P & O Companies and removes an impediment to the P & O Companies' ability to enjoy the full benefit of the credit term we grant them as described above. We believe that these efforts together will help us better manage our trade receivables from the P & O Companies and facilitate their speedier settlement. Post Listing, we will update the amounts of trade receivables from the P & O Companies and their settlement status in our interim and annual reports.

Furthermore, some of the trade receivables owed to us by the P & O Companies were overdue mainly as a consequence of our trade receivable factoring arrangements with HSBC. Under these arrangements, we may receive liquidity by factoring to HSBC trade receivables due up to 90 days from pre-approved customers, which have included the P & O Companies. If the factored trade receivables are not settled by our customers within 90 days, HSBC may charge us an interest and may even disqualify trade receivables from the relevant customers from the factoring arrangements. In order to comply with these requirements, we directed the P & O Companies to repay to us the younger, factored trade receivables first. As a result, the trade receivables due from the P & O Companies as they appeared in our accounts were not settled on a "first-in, first-out" basis. Nevertheless, our liquidity position improved gradually during the last few months and we intend to utilize the factoring facilities less in the near future so that more of the P & O Companies' trade debts with us will be settled on the "first-in, first-out" basis.

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We generally do not charge interest on our trade receivables, except for a period in the past with respect to those overdue from P & O Group and P & O Rolled Products, which carried interest at the Indicator Lending Rate of the Reserve Bank of Australia. We have since the disposal granted a credit period of 90 days to P & O Group and P & O Rolled Products, and charged interest on overdue trade receivables from them to help secure early payment. Our trade receivables from P & O Group and P & O Rolled Products were also, but no longer are, protected by certain asset pledge, guarantee and indemnity arrangements put in place concurrently with or shortly after the disposal. See “Business—Our Products—Construction and Industrial Products—Relationship with P & O Group and Oceanic—Continuing trade relationship” on page 120 of this prospectus. Since January 1, 2011, we have accommodated P & O Group and P & O Rolled Products’ request not to charge such interest in recognition of our business relationship with them and the hardship they faced as importers of our products since the imposition of the anti-dumping and countervailing duties in Australia, which has impacted their profitability directly. The balance of our trade receivables from P & O Group and P & O Rolled Products amounted to HK\$148.9 million, HK\$182.8 million and HK\$276.3 million as of September 30, 2010, 2011 and 2012, respectively, and the overdue portion amounted to HK\$79.7 million, HK\$105.7 million and HK\$175.6 million as of the same dates, respectively. For the years ended September 30, 2010, 2011 and 2012, accordingly, we recorded interest income on such overdue trade receivables of HK\$2.9 million, HK\$1.0 million and nil, respectively, all of which we have received by telegraphic transfer. Our total sales to P & O Group and P & O Rolled Products for the same periods were HK\$274.8 million, HK\$382.1 million and HK\$476.4 million, respectively. We have not revised the 90-day credit period granted to the P & O Companies (including P & O Group and P & O Rolled Products) because (i) there has not been any bad debt resulting from receivables due from the P & O Group and P & O Rolled Products; and (ii) this is consistent with our credit policy of granting 90-day credit period to our major customers, e.g., the Foxconn Companies; and (iii) P & O Companies did not make any request to revise the credit period.

The carrying amounts of our trade receivables are denominated in the following currencies:

	<u>As of September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
	(HK\$ in millions)		
Australian dollars .....	266.9	292.4	366.7
Renminbi .....	60.2	66.0	176.5
U.S. Dollars .....	26.7	131.9	262.2
H.K. Dollars .....	5.4	32.5	8.2
	<u>359.2</u>	<u>522.8</u>	<u>813.6</u>

As illustrated above, our trade receivables denominated in Australian dollars increased during the Track Record Period. The increase over the year ended September 30, 2010 was primarily due to our disposal of the P & O Companies in May and December 2009. Before the disposal, the P & O Companies granted credit terms of 30 to 90 days to their customers in Australia. After the disposal, the P & O Companies became a major customer of ours, and we granted it a 90-day credit term. For the year ended September 30, 2011, our Australian dollar-denominated trade receivables continued to increase primarily due to our increased sales to customers in Australia, including the P & O Companies. For the year ended September 30, 2012, our Australian dollar-denominated trade receivables accounted for 45.1% of our total trade receivables, while revenue from Australian sales only contributed 30.1% of our total revenue. This is mainly because the P & O Companies, our major customer in Australia, enjoy a longer credit term of 90 days as compared to some of our other customers in other geographic markets and there was an amount of overdue trade receivables of HK\$225.0 million from the P & O Companies as of September 30, 2012, representing an increase of HK\$69.1 million compared to the amount of overdue trade receivables of HK\$155.9 million due from the P & O Companies as of September 30, 2011. The overdue balances were mainly attributable to our trade receivable factoring arrangements with HSBC described above.

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As of the Latest Practicable Date, gross trade receivables of HK\$638.3 million, or 78.4% of our trade receivables as of September 30, 2012, had been settled.

The following table sets out the turnover days for our trade receivables for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
Total trade receivables turnover days <sup>(1)</sup> .....	79	77	100

*Note:*

(1) Calculated based on the average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

The following tables set out side-by-side the turnover days for our trade receivables due from the P & O Companies and the Foxconn Companies, respectively, for the periods indicated:

	Year ended September 30,				Year ended September 30,		
	2010	2011	2012		2010	2011	2012
P & O Companies trade receivables turnover days <sup>(1)</sup> .....	112	156	184	Foxconn Companies trade receivables turnover days <sup>(1)</sup> .....	92	42	93

*Note:*

(1) Calculated based on the average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

Our trade receivable turnover days for the year ended September 30, 2012 were substantially longer than previous years because of (i) the increase of the P & O Companies' trade receivables turnover days as the P & O Companies experienced lengthened receivable days from some of its customers in the construction industry in Australia, where market conditions were challenging during the relevant period and (ii) the extension to 90 days of the credit terms we grant to the Foxconn Companies.

### **Prepayments, Deposits and Other Receivables**

Prepayments, deposits and other receivables include deposits for purchases of aluminum ingots and others, which primarily include export VAT refund receivables, amounts prepaid for rental on our offices in Hong Kong and Macau and prepayments associated with our preparation for this Listing. The following table sets forth the breakdown of our prepayments, deposits and other receivables for the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Prepayments to suppliers for purchases of aluminum ingots .....	61.9	61.1	85.8
Others .....	3.1	28.1	26.9
	65.0	89.2	112.7

Our prepayments, deposits and other receivables increased from HK\$89.2 million as of September 30, 2011 to HK\$112.7 million as of September 30, 2012, primarily due to an increase in deposits paid for purchases of aluminum ingots, partially offset by decreasing export VAT refund receivables. Our prepayments, deposits and other receivables increased from HK\$65.0 million as of September 30, 2010 to HK\$89.2 million as of September 30, 2011, primarily due to an increase in export VAT refund receivables. Our export VAT refund receivables increased as a result of delays by the relevant government authority in processing these VAT refunds.

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### **Trade Payables**

We are generally granted credit periods of seven days from the date of billing by our aluminum ingot suppliers and 30-60 days by our other suppliers. Consistent with the expansion of our production, our trade payables increased from HK\$17.2 million as of September 30, 2010 to HK\$36.4 million as of September 30, 2011 and further to HK\$105.1 million as of September 30, 2012 as we purchased increasing amounts of aluminum ingots.

The table below sets out an aging analysis of trade payables based on invoice date as of the dates indicated.

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
0-30 days	8.9	17.0	75.0
31-60 days	4.1	9.9	22.0
61-90 days	2.0	4.0	5.0
Over 90 days	2.2	5.5	3.1
	<u>17.2</u>	<u>36.4</u>	<u>105.1</u>

As of the Latest Practicable Date, trade payables of HK\$102.4 million, or 97.4% of our trade payables as of September 30, 2012, had been settled.

The following table sets out the turnover days for our trade payables for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
Trade payable turnover days <sup>(1)</sup>	7	6	14

(1) Calculated based on the average balance of trade payables divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year, divided by two.

### **Other Payables and Accrued Charges**

Other payables and accrued charges include payables for VAT, salaries and bonuses, transportation, utilities and other ordinary expenses. The table below sets out the details of our other payables and accrued charges as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Deposit received	28.3	51.0	32.9
Accrued employee benefit expenses	16.4	20.7	23.4
Accrued freight charges	5.1	9.1	9.7
Accrued interest expenses	1.7	3.3	3.3
Accrued utilities expenses	4.0	5.1	7.5
Accrued rental expenses	1.1	1.7	1.7
Accrued audit fee	4.4	3.5	4.5
Provision for sales rebate to customers	2.1	6.3	11.3
VAT payable	6.1	0.2	0.5
Payable for purchase of property, plant and equipment	4.9	7.9	33.1
Goods and service tax payable	—*	—	—
Other payables and accruals	2.6	2.9	18.1
	<u>76.7</u>	<u>111.7</u>	<u>146.0</u>

\* Less than HK\$50,000



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Our other payables and accrued charges increased from HK\$111.7 million as of September 30, 2011 to HK\$146.0 million as of September 30, 2012, primarily due to increased payables for fixed assets relating to our purchases of CNC machining centers, partially offset by a decrease in deposits received from our customers because in the year ended September 30, 2011 we received a one-off, large deposit from a new customer in China for our Construction and Industrial Products. Our other payables and accrued charges increased from HK\$76.7 million as of September 30, 2010 to HK\$111.7 million as of September 30, 2011, primarily due to increased deposits from our OPLV Distributors as we expanded our OPLV distribution network, sales rebates to some customers and payables for shipping expenses.

### Liquidity and Capital Resources

#### Cash Flows and Working Capital

The following table sets out a summary of our cash flows for the periods indicated:

	Year ended September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Net cash generated from operating activities . . . . .	95.0	86.9	162.1
Net cash used in investing activities . . . . .	(27.3)	(77.1)	(243.1)
Net cash (used in)/generated from financing activities . . . . .	(5.8)	(39.3)	112.2
Cash and cash equivalents at the beginning of year . . . . .	77.2	139.5	111.4
Cash and cash equivalents at the end of year . . . . .	139.5	111.4	143.3

*Operating activities.* We derive our cash inflow from operating activities primarily through the receipt of payments for the sale of our aluminum products. Our cash outflow from operating activities is used primarily for raw material purchases, wages, payment of utilities, distribution and selling expenses and administrative expenses. Our net cash flow generated from operating activities reflects our profit before income tax, as adjusted for non-cash items, such as depreciation of our property, plant and equipment, the effects of changes in certain balance sheet items, such as trade receivables, prepayments, deposits and other receivables, trade payables, other payables and accrued charges and inventories, as well as income tax paid.

For the year ended September 30, 2012, we had net cash generated from operating activities of HK\$162.1 million, primarily attributable to (i) profit before income tax of HK\$379.3 million, (ii) an increase in trade payables, other payables and accrued charges of HK\$77.8 million mainly due to an increase in inventory and accruals for listing expenses, (iii) depreciation of property, plant and equipment of HK\$49.7 million mainly due to an increase in purchases of additional equipment and (iv) interest expense on bank borrowings of HK\$25.6 million, partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables of HK\$316.1 million mainly due to an increase in sales and (ii) an increase in inventories of HK\$20.8 million.

For the year ended September 30, 2011, we had net cash generated from operating activities of HK\$86.9 million, primarily attributable to (i) profit before income tax of HK\$274.4 million, (ii) an increase in trade payables, other payables and accrued charges of HK\$54.3 million mainly due to an increase in purchases of raw materials, (iii) depreciation of property, plant and equipment of HK\$27.3 million mainly due to an increase in purchases of additional equipment, (iv) interest expenses on bank borrowings of HK\$21.3 million and (v) loss on disposal of fixed assets of HK\$14.7 million, partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables of HK\$184.7 million mainly due to an increase in sales, (ii) an increase in inventories of HK\$55.1 million and (iii) fair-value gain on derivative financial instruments of HK\$20.8 million.

For the year ended September 30, 2010, we had net cash generated from operating activities of HK\$95.0 million, primarily attributable to (i) profit before income tax of HK\$94.9 million, (ii) an increase

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## FINANCIAL INFORMATION

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in trade payables, other payables and accrued charges of HK\$172.9 million primarily due to increased sales, (iii) a decrease in inventories of HK\$59.4 million primarily due to the disposition of subsidiaries in Australia which warehoused inventory, as well as decreased inventory following an increase in metal prices resulting from the recovery from the global financial crisis, (iv) fair-value loss on derivative financial instruments of HK\$22.1 million and (v) depreciation of property, plant and equipment of HK\$22.0 million, partially offset by an increase in trade receivables, prepayments, deposits and other receivables of HK\$277.8 million, primarily due to the disposition of subsidiaries in Australia which became our customers.

*Investing activities.* We use cash in investing activities primarily through purchase of property, plant and equipment and construction in progress, payment for deposits for property, plant and equipment and cash and cash equivalents held by subsidiaries disposed of.

For the year ended September 30, 2012, we had net cash used in investing activities of HK\$243.1 million. The cash outflow was primarily attributable to the purchase of property, plant and equipment and construction in progress of HK\$244.3 million, primarily relating to CNC machining centers.

For the year ended September 30, 2011, we had net cash used in investing activities of HK\$77.1 million. The cash outflow was primarily attributable to the purchase of property, plant and equipment and construction in progress of HK\$74.2 million primarily due to (i) purchases of extrusion presses, smelters and related machinery and (ii) payment for deposits for property, plant and equipment of HK\$6.9 million.

For the year ended September 30, 2010, we had net cash used in investing activities of HK\$27.3 million, primarily attributable to (i) cash and cash equivalents held by subsidiaries disposed of HK\$14.6 million relating to the disposal of our former Australian subsidiaries, (ii) purchase of property, plant and equipment and construction in progress of HK\$11.7 million relating to the purchase of production machinery and (iii) investment of HK\$4.5 million in a capital guaranteed fund.

*Financing activities.* We use cash in financing activities primarily for the repayment of bank borrowings and payment of dividends to our Shareholders.

For the year ended September 30, 2012, we had net cash generated from financing activities of HK\$112.2 million, primarily attributable to proceeds from borrowings of HK\$1,416.0 million, partially offset by (i) repayments of borrowings of HK\$1,128.4 million and (ii) dividends paid to our Shareholders of HK\$174.0 million.

For the year ended September 30, 2011, we had net cash used in financing activities of HK\$39.3 million, primarily attributable to (i) repayments of bank borrowings of HK\$1,031.5 million and (ii) dividends paid to our Shareholders of HK\$70.8 million, partially offset by proceeds from borrowings of HK\$1,066.6 million.

For the year ended September 30, 2010, we had net cash used in financing activities of HK\$5.8 million, primarily attributable to (i) repayments of borrowings of HK\$819.8 million and (ii) dividends paid to our Shareholders of HK\$67.0 million, partially offset by proceeds from borrowings of HK\$881.9 million.

### ***Working Capital***

Our Directors are of the opinion that, taking into consideration the financial resources available to us, including internally generated funds, banking facilities available to us and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements, that is for at least 12 months commencing from the date of this prospectus.

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### **Indebtedness**

The table below analyzes our financial liabilities into relevant maturity groupings based on the remaining years at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months or are repayable on demand equal their carrying balances, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, i.e., if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	(HK\$ in millions)			
<b>As of September 30, 2010</b>				
Term loans	73.5	—	—	73.5
Other bank loans	205.9	—	—	205.9
Trade and other payables	93.9	—	—	93.9
Obligations under finance leases	4.1	1.5	0.5	6.1
Interest payments on term loans	5.4	—	—	5.4
Interest payments on other bank loans	5.9	—	—	5.9
Derivative financial instruments	21.8	—	—	21.8
Due to a director	8.5	—	—	8.5
Dividend payable	0.8	—	—	0.8
<b>As of September 30, 2011</b>				
Term loans	66.2	—	—	66.2
Other bank loans	248.2	—	—	248.2
Trade and other payables	148.1	—	—	148.1
Obligations under finance leases	1.5	0.4	—	1.9
Interest payments on term loans	3.6	—	—	3.6
Interest payments on other bank loans	9.0	—	—	9.0
<b>As of September 30, 2012</b>				
Term loans	198.2	—	—	198.2
Other bank loans	403.9	—	—	403.9
Trade and other payables	251.1	—	—	251.1
Obligations under finance leases	0.4	—	—	0.4
Interest payments on term loans	14.6	—	—	14.6
Interest payments on other bank loans	22.6	—	—	22.6

The following tables set out our bank borrowings and their formal repayment schedules as of the dates indicated:

	As of September 30,			As of	As of
	2010	2011	2012	November 30, 2012 <sup>(1)</sup>	December 31, 2012 <sup>(2)</sup>
	(HK\$ in millions)				
				(unaudited)	(unaudited)
Within 1 year	229.4	298.3	463.1	490.3	476.8
Between 1 and 2 years	41.6	14.6	54.4	53.8	60.0
Between 2 and 5 years	8.4	1.5	84.6	76.4	58.7
Total	<u>279.4</u>	<u>314.4</u>	<u>602.1</u>	<u>620.5</u>	<u>595.5</u>

**Notes:**

(1) The most recent practicable date for liquidity disclosure purposes.

(2) The most recent practicable date for indebtedness statement disclosure purposes.

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All of our term loans beyond one year are repayable on demand and therefore deemed current. Certain of our borrowings were secured by, among others:

- a keyman insurance policy covering our chairman, Mr. Marcus Pan;
- a negative pledge on our CNC machining centers and certain properties and equipment;
- a life insurance policy covering Mr. Marcus Pan;
- a pledge of certain of our bank deposits; and
- a personal guarantee from Mr. Marcus Pan.

The various forms of personal guarantee by Mr. Marcus Pan will be released upon Listing and will be replaced by a corporate guarantee. Some of our outstanding debts contain various covenants that obligate some of our subsidiaries to, for example, maintain certain levels of tangible net worth and certain financial ratios, inform the lender in advance of future borrowings, obtain the lender's consent before creating new encumbrances on the subsidiary's assets, among others. Our Directors confirm that we complied with all the requirements in our loan agreements during the Track Record Period and up to the Latest Practicable Date. As of September 30, 2010, 2011 and 2012, the effective interest rate of our bank borrowings was 5.5%, 7.2% and 5.6% *per annum*, respectively. As of the same dates, all of our bank borrowings were subject to interest-rate changes within six months. Our bank loans were denominated in Renminbi, the H.K. dollar, the U.S. dollar and the Australian dollar during the Track Record Period.

We have used the proceeds of the bank borrowings to replenish our working capital and fund our capital expenditure. We have not encountered any material difficulty in obtaining external borrowings and have not experienced any default or delay in the repayment of bank and other borrowings during the Track Record Period and up to September 30, 2012.

As of September 30, 2012, we had total bank facilities of HK\$928.1 million, of which HK\$142.4 million were unutilized. As of the Latest Practicable Date, we had outstanding bank borrowings of HK\$593.8 million. Our Directors confirm that there has been no material change in our indebtedness and contingent liabilities since September 30, 2012 and up to the Latest Practicable Date.

### Summary of Key Financial Ratios

	Year ended September 30,		
	2010	2011	2012
<b>Profitability ratios</b>			
Revenue growth <sup>(1)</sup> .....	N/A	52.9%	16.6%
Net profit growth <sup>(2)</sup> .....	N/A	200.3%	37.2%
Gross margin <sup>(3)</sup> .....	21.4%	24.1%	25.2%
Net profit margin before interest and tax <sup>(4)</sup> .....	8.0%	14.1%	16.6%
Net profit margin <sup>(5)</sup> .....	6.3%	12.5%	14.7%
Return on equity <sup>(6)</sup> .....	19.8%	40.8%	48.5%
Return on total assets <sup>(7)</sup> .....	9.8%	22.8%	20.6%

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	As of September 30,		
	2010	2011	2012
<b>Liquidity ratios</b>			
Current ratio <sup>(8)</sup> .....	1.64	1.86	1.31
Quick ratio <sup>(9)</sup> .....	1.34	1.48	1.10
<b>Capital adequacy ratios</b>			
Gearing ratio <sup>(10)</sup> .....	65.0%	49.6%	81.9%
Debt to equity ratio <sup>(11)</sup> .....	33.2%	32.1%	62.4%
Interest coverage ratio <sup>(12)</sup> .....	7.70	13.75	15.76

*Notes:*

- (1) The calculation of revenue growth is based on revenue for the period divided by revenue for the previous period, minus one and multiplied by 100%.
- (2) The calculation of net profit growth is based on net profit for the period divided by net profit for the previous period, minus one and multiplied by 100%.
- (3) The calculation of gross margin is based on gross profit divided by revenue and multiplied by 100%.
- (4) The calculation of net profit margin before interest and tax is based on net profit before interest and taxes divided by revenue and multiplied by 100%.
- (5) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (6) The calculation of return on equity is based on profit for the period divided by capital and reserves and multiplied by 100%.
- (7) The calculation of return on total assets is based on net profit divided by total assets and multiplied by 100%.
- (8) The calculation of current ratio is based on current assets divided by current liabilities.
- (9) The calculation of quick ratio is based on current assets less inventories divided by current liabilities.
- (10) The calculation of gearing ratio is based on total borrowings and obligations under finance leases divided by total equity and multiplied by 100%.
- (11) The calculation of debt to equity ratio is based on total borrowings and obligations under finance leases less cash and cash equivalents divided by total equity.
- (12) The calculation of interest coverage ratio is based on profit before interest and tax expenses divided by finance costs.

Please refer to “—Year Ended September 30, 2012 Compared to Year Ended September 30, 2011” and “—Year Ended September 30, 2011 Compared to Year Ended September 30, 2010” above for a discussion of the factors affecting revenue growth, net profit growth and gross and net profit margins during the respective periods.

### **Return on Equity and Return on Total Assets**

For the years ended September 30, 2010, 2011 and 2012, our return on equity amounted to 19.8%, 40.8% and 48.5%, respectively, and our return on total assets amounted to 9.8%, 22.8% and 20.6%, respectively. The general increasing trend was mainly due to improved business performance with increased profitability. Our return on total assets decreased slightly from the year ended September 30, 2011 to the year ended September 30, 2012 primarily because we had more fixed assets (e.g., CNC machining centers) and trade receivables.

### **Current Ratio**

As of September 30, 2010, 2011 and 2012, our current ratio amounted to 1.64, 1.86 and 1.31, respectively. Our current ratio decreased by 0.55 as of September 30, 2012 as compared to that as of September 30, 2011 primarily due to increased bank borrowings. Our current ratio increased by 0.22 as of September 30, 2011 as compared to that as of September 30, 2010 primarily due to improved business performance.

### **Quick Ratio**

As of September 30, 2010, 2011 and 2012, our quick ratio amounted to 1.34, 1.48 and 1.10, respectively. Our quick ratio decreased by 0.38 as of September 30, 2012 as compared to that as of September 30, 2011 primarily because we used funds to purchase CNC machining centers. The increasing trend of our quick ratio as of September 30, 2010 and 2011 was primarily due to an increase in cash and cash equivalents, trade receivables, prepayments, deposit and other receivables

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generated from operations in the years ended September 30, 2010 and an increase in trade receivables, prepayments, deposit and other receivables generated from operations in the year ended September 30, 2011.

### ***Gearing Ratio***

As of September 30, 2010, 2011 and 2012, our gearing ratio amounted to 65.0%, 49.6% and 81.9%, respectively. The decrease in gearing ratio from September 30, 2010 to September 30, 2011 was due to an increase in total equity of HK\$200.0 million, amounting to an increase of 45.6%, driven by a substantial increase in profit for the year, while total borrowings only increased by HK\$31.1 million during the same period, amounting to an increase of 10.9%. The increase in gearing ratio from September 30, 2011 to September 30, 2012 was mainly due to a significant increase in bank borrowings, from HK\$314.4 million as of September 30, 2011 to HK\$602.1 million as of September 30, 2012, for the purpose of purchasing CNC machining centers.

### ***Debt to Equity Ratio***

As of September 30, 2010, 2011 and 2012, our debt to equity ratio amounted to 33.2%, 32.1% and 62.4%, respectively. Our debt to equity ratio remained relatively stable as of September 30, 2010 and September 30, 2011. It then increased to 62.4% as of September 30, 2012 due to the increase in borrowings to purchase CNC machining centers. Our debt to equity ratio decreased during the year ended September 30, 2010 while the gearing ratio increased during the same period because the debt to equity ratio is calculated based on net debt, whereas the gearing ratio is calculated based on total debt.

### ***Interest Coverage Ratio***

As of September 30, 2010, 2011 and 2012, our interest coverage ratio amounted to 7.70, 13.75 and 15.76, respectively, primarily due to an increase in profit before interests and taxes during each of the periods.

### ***Capital Expenditure and Commitments***

We invested HK\$14.9 million, HK\$74.2 million and HK\$269.5 million in capital expenditure during the years ended September 30, 2010, 2011 and 2012, respectively. As of September 30, 2012, our capital commitments amounted to HK\$83.6 million. See the section entitled "Future Plans and Use of Proceeds" on page 215 of this prospectus for a discussion of planned future capital expenditures.

The table below sets out our capital commitments as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Property, plant and equipment contracted but not provided for .....	14.5	70.5	83.6

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The table below sets out our operating lease commitments under non-cancellable operating leases for land and buildings as of the dates indicated:

	As of September 30,		
	2010	2011	2012
	(HK\$ in millions)		
Within one year .....	1.5	1.4	5.8
In the second to fifth year inclusive .....	2.0	2.2	10.8
Over five years .....	11.8	12.2	—
Total .....	<u>15.3</u>	<u>15.8</u>	<u>16.6</u>

### Quantitative and Qualitative Disclosure About Financial Risk

We are, in the normal course of business, exposed to various financial risks, including primarily market risk (including foreign exchange risk, commodity price risk and cash flow and fair-value interest rate risk), credit risk and liquidity risk.

#### Market Risk

*Foreign exchange risk.* We operate mainly in the PRC, Hong Kong, Macau and Australia, and are exposed to foreign-exchange risk arising from various currency exposures, primarily with respect to U.S. dollars (to which H.K. dollars are effectively pegged), Renminbi and Australian dollars.

*For Group companies with the Hong Kong dollar as their functional currency.* As the Hong Kong dollar is effectively pegged to the U.S. dollar, the Directors consider the foreign-exchange risk exposure with respect to the U.S. dollar is not significant for the Group companies which have the Hong Kong dollar as their functional currency.

As of September 30, 2011 and 2012, if the Australian dollar had weakened/strengthened by 10% against the Hong Kong dollar with all other variables held constant, post-tax profit for the years would have been approximately HK\$99,000 and HK\$173,000 lower/higher, respectively, mainly as a result of net foreign-exchange losses/gains on translation of the Australian dollar-denominated cash and bank deposits, other receivables, derivative financial instruments as well as the current accounts with Group companies. As of September 30, 2010, if the Australian dollar had weakened/strengthened by 10% against the Hong Kong dollar with all other variables held constant, post-tax profit for the year would have been approximately HK\$22.6 million/HK\$36.7 million higher/lower, mainly as a result of net foreign-exchange gains/losses on translation of the Australian dollar-denominated cash and bank deposits, other receivables as well as derivative financial instruments.

As of September 30, 2010, 2011 or 2012, the Group companies with the Hong Kong dollar as their functional currency had no significant assets or liabilities denominated in Renminbi, and hence there was no significant foreign-currency risk with respect to Renminbi.

*For Group companies with the Renminbi as their functional currency.* As of September 30, 2010, 2011 and 2012, if the U.S. dollar had weakened/strengthened by 10% against the Renminbi with all other variables held constant, post-tax profit for the years would have been HK\$1.7 million, HK\$7.3 million and HK\$17.3 million lower/higher, respectively, mainly as a result of net foreign-exchange losses/gains on translation of the U.S. dollar-denominated receivables.

As of September 30, 2010, 2011 or 2012, the Group companies with the Renminbi as their functional currency had no significant assets or liabilities denominated in the Hong Kong dollar or the Australian dollar, and hence there was no significant foreign-currency risk with respect to the Hong Kong dollar or the Australian dollar.

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*For Group companies with the U.S. dollar as their functional currency.* As of September 30, 2010, 2011 and 2012, if the Australian dollar had weakened/strengthened by 10% against the U.S. dollar with all other variables held constant, post-tax profit for the years would have been HK\$21.0 million, HK\$27.7 million and HK\$33.2 million lower/higher, respectively, mainly as a result of foreign-exchange losses/gains on translation of the Australian dollar-denominated receivables which are partially offset by fair-value gains/losses on foreign exchange forward contracts.

As of September 30, 2010, 2011 or 2012, Group companies with the U.S. dollar as their functional currency had no significant assets or liabilities denominated in the Hong Kong dollar or Renminbi, and hence there was no significant foreign-currency risk with respect to the Hong Kong dollar or Renminbi.

*Cash flow and fair-value interest rate risk.* Our interest rate risk relates primarily to variable-rate pledged bank deposits, cash and cash equivalents and borrowings. Borrowings issued at floating interest rates subject our cash flow to interest rate risk. We currently have not entered into interest rate swaps to hedge against our exposure to changes in the interest rate of the borrowings. However, our management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The interest rate risk on bank deposits is insignificant as the deposits are relatively short-term.

As of September 30, 2010, 2011 and 2012, if the relevant interest rates had been 25 basis points higher/lower with all the other variables held constant, our profit for the year after taxation would have decreased/increased by HK\$0.3 million, HK\$0.5 million and HK\$1.1 million, respectively, mainly as a result of higher/lower interest expense on variable-rate borrowings.

### **Credit Risk**

Our credit risk is primarily attributable to trade and other receivables from customers. We have policies in place to ensure that credit terms are granted to reputable and credit-worthy customers with appropriate financial strength and credit history. We have procedures to ensure necessary actions are taken to recover overdue debts. In addition, we regularly review the authorization of credit limits to individual customers and the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrevocable amounts. Substantially all of our cash and cash equivalents are deposited in credit-worthy banks, in respect of which our Directors believe there is insignificant credit risk. Our trade receivables are concentrated in a small number of major customers.

Our two largest trade debtors accounted for 71%, 84% and 94% of our total trade receivables as of September 30, 2010, 2011 and 2012, respectively. As of September 30, 2010, 2011 and 2012, one of these two largest trade debtors was our former Australian subsidiaries (considered collectively) which we disposed of in 2009. We maintain frequent communications with these large customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. We believe that the credit risk related to these customers is not significant. We closely monitor settlements from these customers on an ongoing basis to ensure that any overdue debts are identified and follow-up action is taken to recover the overdue debts.

### **Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of an adequate amount of committed credit facilities. We monitor rolling forecasts of our liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows, and we are in compliance with our loan covenants. We face particularly significant liquidity risk with respect term loans with a repayment on demand clause, although we do not currently expect the bank to exercise its right to unconditionally demand repayment.



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### **Listing Expenses**

The estimated total listing expense (excluding underwriting commissions) in relation to this Global Offering are approximately HK\$41.5 million. No listing expenses were recognized as prepayments as of September 30, 2010 and 2011. For the year ended September 30, 2012, listing expenses of HK\$28.5 million were incurred, of which an amount of HK\$4.4 million was recognized as prepayments. The remaining amount of HK\$24.1 million was regarded as costs associated with the Listing to the extent they are incremental costs not attributable to the equity transaction and charged to our combined statement of comprehensive income for the period. We estimate that a further HK\$7.0 million will be incurred by March 31, 2013 as costs associated with the Listing to the extent they are incremental costs not attributable to the equity transaction and charged to our combined statement of comprehensive income. Our listing expenses mainly comprise of professional fees paid to legal advisers and the reporting accountant for their services rendered in relation to the Listing and the Global Offering.

### **Profit Forecast for the Six Months Ending March 31, 2013**

We forecast that, on the bases set out in “Appendix III—Profit Forecast” to this prospectus, consolidated profits attributable to our equity holders for the six months ending March 31, 2013 are unlikely to be less than HK\$232.9 million. The forecast consolidated profits attributable to our equity holders for the six months ending March 31, 2013 prepared by our Directors is based on our unaudited consolidated results based on the unaudited management accounts for the two months ending November 30, 2012, and a forecast of the consolidated results for the remaining four months ending March 31, 2013.

On the assumption that the Global Offering had been completed and a total of 1,200,000,000 Shares were in issue throughout the six months ending March 31, 2013, our forecast earnings per Share is HK\$0.19.

You may find the texts of the letters from PricewaterhouseCoopers, reporting accountant, and HSBC and J.P. Morgan, as the Joint Sponsors, in respect of the profit forecast in Appendix III to this prospectus.

Aluminum ingots are the principal raw material for our production. We do not produce aluminum ingots, and purchase them primarily from various metals brokers throughout China at spot prices on Chinese commodities markets, which is standard industry practice. The spot price of aluminum has fluctuated in the past and during the Track Record Period. Historically, we have included the price of aluminum as an inherent component in pricing our products to pass such costs on to our customers. Our Directors confirm that we will continue such pricing strategy in the future. For more information, see “Business—Suppliers—Raw Materials” beginning on page 139 in this prospectus.

## FINANCIAL INFORMATION

For illustration purposes only, the following table shows the sensitivity of our forecast net profit for the six months ending March 31, 2013 with regard to changes in average aluminum ingot prices, assuming we are not able to pass on such changes to our customers while all other factors (including revenue) remain unchanged. The range of aluminum ingot prices for the sensitivity analysis is based on the historical low and high aluminum ingot prices during the Track Record Period:

	TRP low of RMB11,500/MT	TRP monthly average of RMB14,842/MT	TRP high of RMB16,230/MT
	(HK\$ in thousands)		
<b>Changes in profit forecast for the six months ending March 31, 2013</b> .....	64,824	(77,539)	(136,661)

*Note:*

The magnitude of changes in the upside case will be the “mirror image” of the downside case only if the spot price happens to be exactly in the middle, which was not the case in reality during the Track Record Period. Therefore, in different points in time, the magnitude of upward changes differs from that of downward changes.

### Unaudited *Pro Forma* Statement of Adjusted Net Tangible Assets

The following unaudited *pro forma* statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on our net tangible assets as of September 30, 2012 as if the Global Offering had taken place on that date. The unaudited *pro forma* statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets had the Global Offering been completed as of September 30, 2012 or at any future date. The unaudited *pro forma* statement of adjusted net tangible assets is based on the audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012 as shown in the Accountant’s Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited <i>pro forma</i> adjusted net tangible assets attributable to the equity holders of the Company as of September 30, 2012 <sup>(3)</sup>	Unaudited <i>pro forma</i> adjusted net tangible assets per Share <sup>(3)</sup>
	HK\$'000	HK\$'000	HK\$'000	HK\$
Based on an Offer Price of HK\$3.46 per Share .....	735,955	931,115	1,667,070	1.39
Based on an Offer Price of HK\$4.50 per Share .....	735,955	1,243,115	1,979,070	1.65

*Notes:*

- (1) The audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2012 is extracted from the Accountant’s Report of the Company as set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as of September 30, 2012 of HK\$736.0 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$3.46 and HK\$4.50 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.
- (3) The unaudited *pro forma* adjusted net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 1,200,000,000 Shares were in issue immediately following the completion of the Reorganization, the Capitalization Issue and the Global Offering but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the general mandate to repurchase Shares.

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## FINANCIAL INFORMATION

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- (4) As of November 30, 2012, the Group's land use rights and buildings interests were revalued by Savills Valuation and Professional Services Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus, representing the excess of market value of the land use rights and buildings over their book value, is approximately HK\$161.0 million. Such revaluation surplus has not been included in the Group's combined financial information as of September 30, 2012. The above adjustment does not take into account the above revaluation surplus. Had the land use rights and buildings interests been stated at such valuation, and additional depreciation of HK\$12.05 million per annum would be charged against the combined statement of comprehensive income.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2012.

### **Dividends and Dividend Policy**

Pursuant to the Cayman Islands Companies Law and our Articles of Association, we, through a general meeting, may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law. For the years ended September 30, 2010, 2011 and 2012, we declared dividends of HK\$29 million, HK\$70 million and HK\$260 million, respectively. On October 11, 2012, PanAsia Enterprises (BVI) declared an interim dividend of HK\$50 million, of which HK\$10 million was paid on January 7, 2013, HK\$20 million was paid on January 17, 2013 and HK\$20 million was paid on January 18, 2013, using internal funding.

Future dividend payments will also depend upon the availability of dividends we will receive from our subsidiaries in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has an absolute discretion to recommend any dividend for any year. Although we intend to generally follow our historical trend of dividend payment, there is no assurance that dividends of any amount will be declared or distributed in any future year. We currently intend to re-invest approximately 70% of our offshore earnings in our development, with the remainder being available for potential distribution to our Shareholders.

### **Distributable Reserves**

As of September 30, 2012, we had no reserves available for distribution to our equity holders.

### **Property Interests**

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to us, as of November 30, 2012 at approximately RMB161 million. The text of its letter, summary of valuation and valuation certificates are set out in "Appendix IV—Property Valuation Report" to this prospectus.

Property interests include the land use rights to the parcels of land and the building ownership of completed buildings, structures and buildings under construction. A reconciliation of the net carrying value of the relevant property interest, as of September 30, 2012, to their fair value as of

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## FINANCIAL INFORMATION

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November 30, 2012 as stated in “Appendix IV—Property Valuation Report” to this prospectus is as follows:

	<b>Properties (HK\$ in millions)</b>
Net carrying value as of September 30, 2012 .....	38.48
Movements for the period ended from October 1, 2012 to November 30, 2012	
— Additions .....	0.03
— Depreciation .....	(0.45)
— Exchange differences .....	0.20
— Net carrying value as of November 30, 2012 .....	38.26
Valuation as of November 30, 2012 as per Appendix IV to this prospectus .....	199.28
Surplus .....	161.02

### **No Material Adverse Change**

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since September 30, 2012, being the end of the period reported on in the Accountant’s Report.

### **Disclosure Required Under the Listing Rules**

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### Future Plans

See the section entitled “Business—Business Strategies” on page 108 of this prospectus for a description of our business strategies. We are currently contemplating the following future plans some of which we intend to partially fund with proceeds from this Global Offering:

- Purchasing approximately 135 additional CNC machining centers and potentially leasing new operational space to establish new production lines to manufacture aluminum unibody chassis for laptop computers to supply to the Foxconn Companies, which assemble such laptop computers for the leading global consumer electronics designer. We expect to begin deploying such machinery in the first quarter of 2013.
- Purchasing approximately 200 additional CNC machining centers and cutting and polishing machinery and leasing new operational space to establish new production lines to manufacture aluminum stands and cases for a line of integrated desktop computers to supply to the Foxconn Companies, which assemble such integrated desktop computers for the leading global consumer electronics designer. We expect to begin deploying such machinery in the fourth quarter of 2013.
- Relocating our main plant to a new site in Zengcheng, Guangzhou with greater space, upgraded infrastructure and additional production equipment, which would increase our general aluminum extrusion capacity to approximately 150,000 MT per year over approximately three years. The relocation would be conducted gradually over approximately five years, so that our production would not be unduly disrupted.

We intend to resort to our internal sources for the remainder of the funding requirements for these plans. As of the Latest Practicable Date, we had not incurred or committed any capital expenditure relating to the additional 335 CNC machining centers, which we expect to have an aggregate annual capacity of approximately 17.7 million pieces (depending on the type of parts machined).

These future plans are made with the assumption that our business and financial condition will not be subject to any material unforeseen changes, including changes arising from the risks listed in the section entitled “Risk Factors” in this prospectus. As such, our future plans are subject to change according to our actual future situation and the future business environment in which we operate.

In August 2012, we entered into a letter of intent with the Foxconn Companies regarding the contemplated plan for us to supply the Foxconn Companies the aluminum cases and stands for the integrated desktop computers as set out above. We and the Foxconn Companies agreed to discuss the detailed terms for the future supply of such parts and enter into a formal purchase agreement as soon as practicable.

### Use of Proceeds

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$906.9 million, assuming an Offer Price of HK\$3.46 per Share, or HK\$1,218.9 million, assuming an Offer Price of HK\$4.50 per Share.

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## FUTURE PLANS AND USE OF PROCEEDS

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Assuming an Offer Price of HK\$3.98 per Offer Share, being the midpoint of the stated Offer Price range of HK\$3.46 to HK\$4.50 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$1,062.9 million which we presently plan to use as follows:

- approximately HK\$797.2 million, or 75% of the net proceeds, will be used for capital expenditures, including:
  - (i) approximately HK\$478.3 million, or 45% of net proceeds, for the establishment of a new production line, including the purchase of cutting and polishing machinery from an Independent Third Party and approximately 200 CNC machining centers from the Foxconn Companies, for the planned manufacture of aluminum cases and stands for integrated desktop computers to supply to the Foxconn Companies, which assemble such integrated desktop computers for a leading global consumer electronics designer;
  - (ii) approximately HK\$53.2 million, or 5% of net proceeds, for the purchase of approximately 135 CNC machining centers from the Foxconn Companies and other machinery with an estimated production capacity of 6 million pieces, for the planned manufacture of aluminum unibody chassis for laptop computers to supply to the Foxconn Companies, which assemble such laptop computers for the leading global consumer electronics designer; and
  - (iii) approximately HK\$265.7 million, or 25% of net proceeds, for the contemplated relocation of our main plant to a new site in Zengcheng, Guangzhou and expansion of our general aluminum extrusion production capacity.

We plan to initially use the various types of new machinery to be acquired for purposes as described above. We may re-program and re-deploy our CNC manufacturing facilities, including these new equipment to be funded with proceeds from the Global Offering, to manufacture other products, subject to actual customer demand.

- approximately HK\$212.6 million, or 20% of the net proceeds, will be used to repay a portion of our short-term bank borrowings under a revolving loan facility provided by a PRC branch of HSBC for our purchase of aluminum ingots, which carry interest at 110% of the benchmark PBOC lending rate and have a maturity of 120 days for each draw-down (this loan facility is secured by certain mortgages on our real property, certain pledged deposits, certain negative pledges on our machinery and assets and all monies debenture over a subsidiary and is supported by various forms of guarantee given by various subsidiaries and Mr. Marcus Pan; the outstanding amount under this facility as of the Latest Practicable Date was RMB180 million); and
- approximately HK\$53.1 million, or 5% of the net proceeds, will be used for working capital and other general corporate purposes.

If the Offer Price is fixed at HK\$4.50, being the high end of the stated Offer Share range, our net proceeds will be increased by approximately HK\$156.0 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. Our Directors currently intend to allocate such additional proceeds to the above uses proportionally.

If the Offer Price is fixed at HK\$3.46, being the low end of the stated Offer Price range, our net proceeds will instead be decreased by approximately HK\$156.0 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. Our Directors currently intend to reduce our use of proceeds proportionately as earmarked.

The Company will not receive the net proceeds of any exercise of the Over-allotment Option.

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## **FUTURE PLANS AND USE OF PROCEEDS**

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To the extent that the net proceeds to us from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.

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## UNDERWRITING

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### UNDERWRITERS

#### *Hong Kong Underwriters*

*The Hongkong and Shanghai Banking Corporation Limited  
J.P. Morgan Securities (Asia Pacific) Limited  
ABCI Securities Company Limited  
UBS AG, Hong Kong Branch  
Cinda International Securities Limited  
Sun Hung Kai Investment Services Limited*

#### *International Underwriters*

*The Hongkong and Shanghai Banking Corporation Limited  
J.P. Morgan Securities plc  
ABCI Securities Company Limited  
UBS AG, Hong Kong Branch  
BOCOM International Securities Limited  
China International Capital Corporation Hong Kong Securities Limited  
Platinum Securities Company Limited*

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

##### ***Hong Kong Underwriting Agreement***

The Hong Kong Underwriting Agreement was entered into on January 22, 2013. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price. Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

##### ***Grounds for Termination***

The Joint Global Coordinators (on behalf of themselves and the Hong Kong Underwriters) may in their absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by notice to our Company at any time at or prior to 8:00 a.m. on the Listing Date if:

- (a) there develops, occurs, exists or comes into force:
  - (i) any event or series of events resulting in or representing a calamity or crisis or a change or prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions or sentiments (including,



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## UNDERWRITING

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without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets and inter-bank markets) or currency exchange rate or controls in or affecting Hong Kong, the PRC, the United States, Japan, Singapore, Canada, the Cayman Islands, Australia, the British Virgin Islands, Macau or the European Union (or any member thereof) (collectively the “**Relevant Jurisdictions**”);

- (ii) any new law or regulation or any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, epidemic outbreak of infectious disease (including without limitation SARS, H5N1 or H1N1 or swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or
- (iv) without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition or declaration of (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange or the London Stock Exchange or (B) any moratorium on banking activities or foreign exchange trading or securities settlement or clearing services in or affecting any of the Relevant Jurisdictions; or
- (vi) any tax law or other change or development involving a change or prospective change in taxation or exchange controls having an adverse effect, or prospective adverse effect, on the Hong Kong Public Offering and/or the Global Offering, our Company or the Shares (or the transfer of any Shares) or an investment in the Shares;
- (vii) the commencement by any body, authority or agency of the government of any relevant state or territory (including political subdivisions), and includes central, provincial, municipal and other local or regional governments (“**Governmental Authority**”) or other regulatory or political body or organization of any public action or investigation against a Director or an announcement by any Governmental Authority or regulatory or political body or organization that it intends to take any such action,

and which, in any such case and in the sole opinion of the Joint Global Coordinators (on behalf of themselves and the Hong Kong Underwriters):

- (A) is or will or may be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of our Group as a whole; or
- (B) has or will or may have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
- (C) will or may make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of Shares on the date (which shall be the Listing Date unless otherwise agreed between the Company and the

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## UNDERWRITING

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Joint Global Coordinators) on which certain obligations conditional upon the Hong Kong Underwriting Agreement have been duly fulfilled (or waived in accordance with the Hong Kong Underwriting Agreement) and on which the Hong Kong Offer Shares are to be issued, delivered and paid for pursuant to the Hong Kong Underwriting Agreement;

- (D) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) any of the following shall have come to the notice of any of the Joint Global Coordinators, the Joint Bookrunners or the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
- (i) that any statement contained in any of the Web Proof Information Pack of our Company, this prospectus, the Application Forms, the preliminary offering circular, the pricing term sheet, the final offering circular in connection with the International Offering, and any other written or visual material (including any advertisements, brochures, marketing materials and presentations) used or issued by our Company in connection with the Global Offering or approved by our Company in writing for use in connection with the Global Offering was or has become untrue, incorrect or misleading in any material respect; or
  - (ii) that any estimates or forecasts contained in any of the Web Proof Information Pack of our Company, this prospectus, the Application Forms, the preliminary offering circular, the pricing term sheet, the final offering circular in connection with the International Offering, and any other written or visual material (including any advertisements, brochures, marketing materials and presentations) used or issued by our Company in connection with the Global Offering or approved by our Company in writing for use in connection with the Global Offering (including but not limited to the profit forecast for the six months ending March 31, 2013, the text of which is set forth in Appendix III to this prospectus) was or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
  - (iii) any matter which would, if this prospectus, the Application Forms, the preliminary offering circular, the pricing term sheet, the final offering circular in connection with the International Offering, or any other written or visual material (including any advertisements, brochures, marketing materials and presentations) used or issued by our Company in connection with the Global Offering or approved by our Company in writing for use in connection with the Global Offering were issued at that time, constitute a material omission therefrom; or
  - (iv) it becomes necessary for our Company to issue a supplemental prospectus; or
  - (v) that any of the representations and warranties given by the Company, the Controlling Shareholders or the Selling Shareholder under the Hong Kong Underwriting Agreement is (or would if repeated at that time be) untrue or breached; or
  - (vi) any event, act or omission which gives rise or is likely to give rise to any material liability of our Company or any of the Controlling Shareholders or the Selling Shareholder pursuant to the indemnities under the Hong Kong Underwriting Agreement; or
  - (vii) any breach of any of the obligations of any party (other than the Joint Global Coordinators, Joint Bookrunners or the Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or any other of the Hong Kong Underwriting Agreement, the

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## UNDERWRITING

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International Underwriting Agreement, the receiving banks agreement, the registrar's agreement, the principal registrar's agreement, the Deed of Non-competition, the pricing agreement, the Stock Borrowing Agreement, the deed of indemnity, or any relevant one or more of them as the context requires; or

- (viii) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) or in the earnings, business, operations or trading position or prospects of our Group, or any change in capital stock or long-term debt of our Company or any other member of our Group, or any loss or interference with the assets, operations or business of our Company or any other member of our Group, which (in any such case) is not set forth or contemplated in this prospectus and the effect of which is, in the sole opinion of the Joint Global Coordinators, so material and adverse as to make it impracticable or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering; or
- (ix) that the profit forecast of our Company for the six months ending March 31, 2013 or any forecast which appears in any of this prospectus, the Application Forms, the preliminary offering circular, the pricing term sheet, the final offering circular in connection with the International Offering, and any other written or visual material (including any advertisements, brochures, marketing materials and presentations) used or issued by our Company in connection with the Global Offering or approved by our Company in writing for use in connection with the Global Offering is or becomes incapable of being met or, in the opinion of the Joint Global Coordinators, unlikely to be met; or
- (x) that (A) any Director or chief financial officer of our Company named in this prospectus seeks to retire, or is removed from office, (B) any certificate given by our Company and the Selling Shareholder or any of its respective officers to any of the Joint Global Coordinators or Joint Bookrunners under or in connection with the Hong Kong Underwriting or the Global Offering is false or misleading in any material respect or (C) any Director or any member of senior management as named in this prospectus is prosecuted for a criminal offence involving fraud or dishonesty or an offence punishable by imprisonment;
- (xi) any litigation or claim of a material nature being threatened or instigated against any member of our Group; or
- (xii) an order or petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiii) the Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (xiv) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (xv) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering.

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## UNDERWRITING

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### ***Undertakings to the Stock Exchange Pursuant to the Listing Rules***

#### *(A) Undertakings by Our Company*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including pursuant to the exercise of the options which may be granted under the Share Option Scheme) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### *(B) Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to any lending of Shares by Easy Star pursuant to the Stock Borrowing Agreement or any selling of Shares by Easy Star pursuant to the Over-allotment Option, he or it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, he or it will:

- (i) when he or it pledges or charges any Shares beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when he or it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

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## UNDERWRITING

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### ***Undertakings Pursuant to the Hong Kong Underwriting Agreement***

#### ***(A) Undertakings by Our Company***

Our Company has undertaken to the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that, and the Controlling Parties undertake to procure that, except:

- (a) pursuant to the Global Offering (including the Over-allotment Option); or
- (b) pursuant to the Share Option Scheme; or
- (c) with the prior written consent of the Joint Global Coordinators on behalf of themselves and the Hong Kong Underwriters;

and unless in compliance with the Listing Rules, neither our Company nor any of its subsidiaries shall, during a period of six months from the Listing Date and whether conditionally or unconditionally (i) allot, issue, offer, sell, contract to sell, hedge, grant any option or right to subscribe for or purchase or create any interests or encumbrance in respect of, transfer or otherwise dispose of, directly or indirectly, any Shares or any securities exchangeable or convertible into Shares or which carry rights to subscribe for or purchase Shares, or (ii) deposit Shares with a depository in connection with the issue of depository receipts, or (iii) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or has an effect on the market in the Shares similar to that of a sale or (iv) offer or agree or announce any intention to do any of the foregoing.

#### ***(B) Undertakings by the Controlling Shareholders***

Each of the Controlling Shareholders has undertaken to each of the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters and our Company to comply with all restrictions applicable to it from time to time under the Listing Rules on the disposal by it of any Shares of our Company in respect of which it is (directly or indirectly), or is shown in this prospectus to be, the beneficial owner (in either case, immediately following completion of the Global Offering, and unless waived by the Stock Exchange). The relevant provisions of the Listing Rules to which the Hong Kong Underwriting Agreement applies are those of Rule 10.07 of the Listing Rules (as current at the date of the Hong Kong Underwriting Agreement) or any provision covering similar matters subsequently amending or replacing that Listing Rule.

Without in any way limiting or affecting the Hong Kong Underwriting Agreement, each of the Controlling Shareholders represents, warrants and undertakes to each of the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters and our Company that:

- (a) all interests of any of the Controlling Shareholders in Shares or other securities of our Company are fully and accurately disclosed in this prospectus, and such interests are and will be unchanged on and as of the Listing Date;
- (b) it has no present intention of disposing of any Share which may be beneficially owned or controlled by it on completion of the Global Offering, or any interest therein; and
- (c) within the period of six months from the Listing Date, without the prior written consent of the Joint Global Coordinators (on behalf of themselves and the Hong Kong Underwriters), it shall not (and it shall procure that none of its subsidiaries shall) whether conditionally or unconditionally:
  - (i) dispose of (A) any Shares or any direct or indirect interest therein (including, without limitation, by granting or creating any option, mortgage, pledge, charge or other security interest or encumbrance) or (B) any securities convertible into or exercisable or exchangeable for any Shares; or

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## UNDERWRITING

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- (ii) enter into any swap or other derivative transaction or other arrangement that transfers, in whole or in part, any economic consequence of ownership of any Shares or any securities convertible into or exercisable or exchangeable for any Shares; or
  - (iii) dispose of any direct or indirect interest in any company or entity holding any Shares or any securities convertible into or exercisable or exchangeable for any Shares;
- or offer or agree to do any of the foregoing or announce any intention to do so; and
- (d) in the event of such a disposal of any Shares or any interest therein within the further period of six months following the expiry of the six month period referred to in (c) above, it will not cease to be a controlling shareholder of our Company within the meaning of the Listing Rules and will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market.

However, nothing in this section “Undertakings by the Controlling Shareholders” under the heading “Undertakings Pursuant to the Hong Kong Underwriting Agreement” shall prohibit the disposal by any of the Controlling Shareholders of any Shares pursuant to the Stock Borrowing Agreement and the Over-allotment Option.

### ***Hong Kong Underwriters’ Interests in Our Company***

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any shares or securities of our Company or any other member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any shares or securities of our Company or any other member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

### **International Offering**

#### **International Underwriting Agreement**

In connection with the International Offering, our Company, the Selling Shareholder, and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the Joint Bookrunners of the International Offering on behalf of the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally agree to subscribe for, or procure subscribers for, their respective applicable proportion of the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section headed “Structure of the Global Offering — The International Offering” for further details.

#### **Commission and Expenses**

The Underwriters will receive an aggregate underwriting commission of US\$8 million plus up to 3% of the aggregate Offer Price of all the Offer Shares (including Offer Shares sold pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

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## UNDERWRITING

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The aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$131.2 million (assuming an Offer Price of HK\$3.98 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), shall be borne by the Company, save for the commissions and fees relating to the Offer Shares to be sold by the Selling Shareholder pursuant to the exercise of the Over-allotment Option, which shall be borne by the Selling Shareholder, and for certain fees and expenses which shall be borne by the Underwriters.

### **Indemnity**

We, the Controlling Shareholders and the Selling Shareholder have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

### **INDEPENDENCE OF THE JOINT SPONSORS**

J.P. Morgan satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. HSBC and its affiliates have current business relationships with our Company and our Controlling Shareholders including, amongst others, providing certain loan facilities to our Company and acting as trustee of The Pan Family Trust, which may be considered to affect HSBC's independence for the purposes of Rule 3A.07 of the Listing Rules. Accordingly, HSBC does not consider itself to be independent according to Rule 3A.07 of the Listing Rules.

### **ACTIVITIES BY SYNDICATE MEMBERS**

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "Syndicate Members") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities (Asia Pacific) Limited are the Joint Global Coordinators of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 30,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below in “The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of initially 270,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs, as described below in “The International Offering” in this section.

Furthermore, up to 45,000,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in “Over-Allotment Option” in this section.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 25% of the issued share capital of the Company immediately following the completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised. If the Over-allotment Option are exercised in full, the Offer Shares will represent approximately 28.75% of the issued share capital of the Company immediately following the completion of the Global Offering and the Capitalization Issue.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares Initially Offered

We are initially offering 30,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.5% of the issued share capital of the Company immediately after the completion of the Global Offering and the Capitalization Issue, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in “Conditions of the Hong Kong Public Offering.”

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### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 15,000,000 Hong Kong Offer Shares are liable to be rejected.

### Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to a clawback mechanism under paragraph 4.2 of Practice Note 18 of the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 90,000,000 Offer Shares (in the case of (i)), 120,000,000 Offer Shares (in the case of (ii)) and 150,000,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) and such reallocation being referred to in this prospectus as “Mandatory Reallocation”. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Offer Shares are not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Offer Shares to the International Offering, in such proportions as the Joint Bookrunners deem appropriate. In addition to any Mandatory Reallocation which may be required, the Joint Bookrunners may, at their discretion, reallocate Shares initially allocated for the International

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Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered.

### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$4.50 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$4,545.37 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in "Pricing and Allocation" in this section, is less than the maximum price of HK\$4.50 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth below in the section headed "How to Apply for Hong Kong Offer Shares".

### **NO OVERSEAS REGISTRATION**

The documents issued and to be issued in connection with the Hong Kong Public Offering will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

### **THE INTERNATIONAL OFFERING**

#### **Number of Offer Shares Offered**

The International Offering will consist of an initial offering of 270,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

#### ***Allocation***

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "bookbuilding" process described in "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the

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Hong Kong Public Offering, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

### Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “The Hong Kong Public Offering — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

### OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Selling Shareholder is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Bookrunners on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Bookrunners on behalf of the International Underwriters at any time during the 30-day period from the last date for lodging applications under the Hong Kong Public Offering, to require the Selling Shareholder to sell up to 15% of the aggregate of the total number of Shares initially available under the Global Offering at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be sold pursuant thereto will represent approximately 3.75% of the issued share capital of the Company, in each case immediately after the completion of the Global Offering and the Capitalization Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (and/or its agents) on behalf of the Underwriters, may over-allocate or effect transactions in the market or otherwise with a view to stabilizing or maintaining the market price of our Shares at such prices, in such amounts and in such manner as the Stabilizing Manager may determine and at levels other than those which might otherwise prevail in the open market, and/or undertake other stabilizing action within the meaning given in the Securities and Futures (Price Stabilizing) Rules of the SFO. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The Underwriting Agreements provide that any profit resulting from any stabilizing action shall be retained by the Joint Global Coordinators. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating

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for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager or any person acting for it may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on February 27, 2013, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### **Over-allocation**

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

### **STOCK BORROWING ARRANGEMENT**

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager or any person acting for it may choose to borrow up to 45,000,000 Shares (being the maximum number of Shares which may be sold upon exercise of the Over-allotment Option) from Easy Star pursuant to the Stock Borrowing Agreement expected to be entered into between the Stabilizing Manager or any person acting for it and Easy Star on or about January 29, 2013 or acquire

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Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Easy Star is entered into, it will only be effected by the Stabilizing Manager or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Easy Star or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Easy Star by the Stabilizing Manager or any person acting for it in relation to such stock borrowing arrangement.

### PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, January 29, 2013 but in any event no later than Wednesday, January 30, 2013, by agreement among the Joint Bookrunners (on behalf of the Underwriters), the Controlling Shareholders, and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$4.50 per Offer Share and is expected to be not less than HK\$3.46 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$4.50 per Offer Share plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of HK\$4,545.37 for one board lot of 1,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Bookrunners, on behalf of the Underwriters, may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, after, and based on, consultation with the Company, reduce the number of Offer Shares offered under the Global Offering, and the Company may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, after, and based on, consultation with the Joint Bookrunners, reduce the Offer Price range below that stated in this prospectus, in each case at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the websites of the Company and the Stock Exchange, notices of the reduction. Upon issue of such a

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## STRUCTURE OF THE GLOBAL OFFERING

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notice, the revised Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, and the Company, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the forecast of the consolidated net profit attributable to equity holders of the Group for the six months ending March 31, 2013 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Company, and the Joint Bookrunners on behalf of the Underwriters, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, an indication of the level of interest in the International Offering, the basis of allocation of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies”.

### HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Bookrunners, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

For a summary of these underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, see the section headed “Underwriting” in this prospectus.

### CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) on the Main Board of the Stock Exchange;
- (ii) the Offer Price being duly determined among the Company and the Joint Bookrunners (on behalf of the Underwriters);
- (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such

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## STRUCTURE OF THE GLOBAL OFFERING

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conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before January 30, 2013, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.palum.com](http://www.palum.com), in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares – Dispatch/Collection of Share Certificates and Refund Monies ." In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on February 5, 2013, provided that (1) the Global Offering has become unconditional in all respects and (2) the right of termination as described in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" has not been exercised.

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, including the Offer Shares, any Shares to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on February 5, 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on February 5, 2013.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 2078.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

You may either:

- apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for International Offer Shares under the International Offering,

but you may not do both.

You may apply for the Hong Kong Offer Shares by using one of the following three channels:

- using a **WHITE** or **YELLOW** Application Form;
- applying online via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- electronically instructing HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

If you do not follow the instructions detailed on the Application Form or on the **White Form eIPO**, your application may be rejected.

Our Company, the Joint Global Coordinators or the White Form eIPO Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

### 2. WHO CAN APPLY

You can apply for the Hong Kong Offer Shares available for purchase by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States or are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above, you must also (i) have a valid Hong Kong identity card number and (ii) be willing to provide a valid e-mail address and a contact telephone number.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If an application is made by a person duly authorized under a valid power of attorney, the Joint Global Coordinators (or its agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four. Joint applicants may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares or of shares of any of the subsidiaries of the Company, the Directors or their respective associates or any other connected persons of the Company or persons who will become our connected persons immediately upon completion of the Global Offering.

### 3. APPLYING BY USING AN APPLICATION FORM

#### Which Application Form to Use

If you want the Hong Kong Offer Shares issued in your own name, use a **WHITE** Application Form or apply online through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, January 23, 2013 until 12:00 noon on Monday, January 28, 2013 from:

- (1) any of the following offices of the Joint Bookrunners:

The Hongkong and Shanghai Banking Corporation Limited . . . . .	Level 15, 1 Queen's Road Central Hong Kong
J.P. Morgan Securities (Asia Pacific) Limited . . . . .	28th Floor, Chater House 8 Connaught Road Central Hong Kong
ABCI Capital Limited . . . . .	Room 701, 7/F, One Pacific Place 88 Queensway Hong Kong
UBS AG, Hong Kong Branch . . . . .	52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(2) any of the branches of the following receiving banks:

(i) The Hongkong and Shanghai Banking Corporation Limited:

	<u>Branch Name</u>	<u>Address</u>
<b>Hong Kong Island:</b>	Hong Kong Office	Level 3, 1 Queen's Road Central
	North Point Branch	G/F, Winner House, 306-316 King's Road, North Point
	Des Voeux Road Central Branch	China Insurance Group Bldg, 141 Des Voeux Road Central
	Hopewell Centre Branch	Shops 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wan Chai
<b>Kowloon:</b>	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Tsim Sha Tsui Branch	Basement & 1/F, 82-84 Nathan Road, Tsim Sha Tsui
<b>New Territories:</b>	Kwai Hing Branch	Shop 2, 3/F, Sun Kwai Hing Plaza, 166-174 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop 49, Level 1, Shatin Plaza, 21-27 Sha Tin Centre Street, Sha Tin
	Sunshine City Plaza Branch	Shop No. 3010, Level 3, Sunshine City Plaza, Ma On Shan

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(ii) or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	<u>Branch Name</u>	<u>Address</u>
<b>Hong Kong Island:</b> . . . . .	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
<b>Kowloon:</b> . . . . .	Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Mong Kok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Lok Fu Shopping Centre Branch	Shop G201, G/F., Lok Fu Shopping Centre
	Mei Foo Manhattan Branch	Shop Nos.07 & 09, Ground Floor, Mei Foo Plaza, Mei Foo Sun Chuen
<b>New Territories:</b> . . . . .	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F, Man Cheong Building, 239-247 & 247A Castle Peak Road, Yuen Long
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, January 23, 2013 until 12:00 noon on Monday, January 28, 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have **YELLOW** Application Forms and this prospectus available.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

There are detailed instructions on each Application Form. You should read and follow these instructions carefully. If you do not strictly follow the instructions, your application may be rejected.

You should note that by completing and submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents on your behalf and to do on your behalf all things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or in the name of HKSCC Nominees, as the case

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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may be, required by the Articles, and otherwise to give effect to the arrangements described in this prospectus, the Application Forms and/or the **White Form eIPO** service designated website at [www.eipo.com.hk](http://www.eipo.com.hk) (as the case may be);

- (ii) undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares to be allocated to you, and as required by the Articles;
- (iii) agree with the Company and each of our shareholders, and the Company agrees with each of our shareholders, to observe and comply with the Hong Kong Companies Ordinance and the Articles;
- (iv) confirm that you have read the terms and conditions and application procedures set out in this prospectus (and in the case of an application through the **White Form eIPO** service, additionally the terms and conditions of the **White Form eIPO** service designated website at [www.eipo.com.hk](http://www.eipo.com.hk)) and agree to be bound by them;
- (v) confirm that you have received and/or read a copy of this prospectus (and in the case of an application through the **White Form eIPO** service, the terms and conditions of the aforesaid services' designated website at [www.eipo.com.hk](http://www.eipo.com.hk)) and have only relied on the information and representations contained in this prospectus (and additionally in the case of an application through the **White Form eIPO** service, via the designated website at [www.eipo.com.hk](http://www.eipo.com.hk)) in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
- (vi) confirm that you are aware of the restrictions on the Global Offering disclosed in this prospectus;
- (vii) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);
- (viii) undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor otherwise participated in the International Offering;
- (ix) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (x) if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xi) agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (xii) (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;
- (xiii) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xiv) represent, warrant and undertake that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) when completing and submitting any Application Form or applying through the **White Form eIPO** service or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xv) warrant the truth and accuracy of the information contained in the application;
- (xvi) undertake and agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xvii) authorize the Company to place your name(s) or the name of the HKSCC Nominees, as the case may be, on the register of members of the Company as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to dispatch any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or (in case of joint applicants) the first-named applicant in the application by ordinary post at your own risk to the address stated on the application, except that if you have applied for 1,000,000 or more Hong Kong Offer Shares, and have indicated in the relevant application that you will collect the share certificate(s) and/or refund cheque(s) in person, you may do so in the manner as described in “Dispatch/Collection of Share Certificates and Refund Monies” in this section or on such other date as notified by the Company in the newspapers as the date of Dispatch/collection of share certificates/e-Refund payment instructions/refund cheques;
- (xviii) authorize the Company to enter into a contract on your behalf with each of the Directors and officers whereby each such Director and officer undertakes to observe and comply with their obligations to shareholders of the Company, as stipulated in the Articles; and
- (xix) understand that these declarations and representations will be relied upon by the Company and the Joint Global Coordinators in deciding whether or not to allocate any Hong Kong Offer Shares in response to this application and you may be prosecuted for making a false declaration.

### 5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

#### General

If you are an individual and meet the criteria set forth in “Who can apply” in this section, you may apply through the **White Form eIPO** service by submitting an application for the Shares to be allotted and registered in your own name through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk). You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the White Form eIPO Service Provider and may not be submitted to the Company.

If you give electronic application instructions through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk), you will have authorized the White Form eIPO Service Provider to apply on the

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

### **Time for Submitting Applications under the White Form eIPO**

You may submit your application to the White Form eIPO Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) from 9:00 a.m. on Wednesday, January 23, 2013 until 11:30 a.m. on Monday, January 28, 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, January 28, 2013 or such later time as described under “Effects of Bad Weather on the Opening of the Applications Lists” in this section (24 hours daily, except on the last application day). If you do not make complete payment of the application monies (including any related fees) in time, the White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

### **No Multiple Applications**

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

### **Environmental Protection**

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider will contribute HK\$2.00 for each “PanAsialum Holdings Company Limited” **White Form eIPO** application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support the funding of “Source of Dongjiang—Hong Kong Forest” project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk)), you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk)), you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please see the subsection headed “How many applications may be made” below.

### **Additional Information**

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through the **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, or if your application is otherwise rejected alternative arrangements for the refund of monies to you may be adopted. Please refer to the additional information provided by the White Form eIPO Service Provider on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may apply for the Hong Kong Offer Shares in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Center  
2/F Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

#### Giving Electronic Application Instructions to HKSCC via CCASS

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees does the following things on behalf of each such person:
  - agrees that the Hong Kong Offer Shares to be allotted shall be transferred into the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted electronic application instructions on that person's behalf or that person's CCASS Investor Participant stock account;
  - undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given electronic application instructions or any lesser number allocated to that person;
  - undertakes and confirms that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Shares under the International Offering nor otherwise participated in the International Offering;

- (if the electronic application instructions are given for that person's own benefit) declares that only one set of electronic application instructions has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of electronic application instructions for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;
- understands that these declarations and representations will be relied upon by the Company, the Directors and the Joint Global Coordinators in deciding whether or not to make any allocation of Hong Kong Offer Shares in respect of the electronic application instructions given by that person and that that person may be prosecuted if he makes a false declaration;
- authorizes the Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allocated in respect of that person's electronic application instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has received and/or read a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's electronic application instructions or instructing that person's broker or custodian to give electronic application instructions on that person's behalf save as set out in any supplement to this prospectus;
- agrees that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);
- agrees to disclose that person's personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents which they may require about that person;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by the Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Hong Kong Offer Shares;
- agrees with the Company, for ourselves and for the benefit of each Shareholder (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Hong Kong Companies Ordinance and the Articles; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Offer Price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give electronic application instructions to HKSCC through CCASS terminals to apply for Hong Kong Offer Shares on their behalf.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Wednesday, January 23, 2013 — 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Thursday, January 24, 2013 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Friday, January 25, 2013 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Saturday, January 26, 2013 — 8:00 a.m. to 1:00 p.m.<sup>(1)</sup>
- Monday, January 28, 2013 — 8:00 a.m.<sup>(1)</sup> to 12:00 noon

<sup>(1)</sup> These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Wednesday, January 23, 2013 until 12:00 noon on Monday, January 28, 2013 (24 hours daily, except the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Monday, January 28, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance.

### Warning

The subscription of Offer Shares by giving electronic applications instructions to HKSCC is only a facility provided to CCASS Participants. The Joint Bookrunners and the Company take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System, or CCASS Internet System, CCASS Investor Participants

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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are advised not to wait until the last minute to input instructions. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit the **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an application instruction input request form by 12:00 noon on Monday, January 28, 2013.

### Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and our Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### 7. WARNING FOR ELECTRONIC APPLICATIONS

The purchase of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait till the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may give electronic application instructions to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications for the Hong Kong Offer Shares are not allowed.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk), is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

It will be a term and condition of all applications for Hong Kong Offer Shares that by completing and delivering an Application Form or applying through the **White Form eIPO** service, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the White Form eIPO Service Provider; or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC and that you are duly authorized to sign the Application Form or give electronic application instructions as that other person’s agent.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK\$4.50 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Shares you will pay HK\$4,545.37. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the numbers of Shares as shown in the table.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares by a cheque or a banker’s cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

### 10. WHEN AND WHERE CAN YOU APPLY

Completed **WHITE** and **YELLOW** Application Forms, together with a cheque attached and marked payable to “HSBC Nominees (Hong Kong) Limited — PanAsialum Public Offer” for the payment must be deposited by 12:00 noon on Monday, January 28, 2013 or, if the application lists

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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are not open on that day, then by the time and date stated in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque attached and marked payable to “HSBC Nominees (Hong Kong) Limited — PanAsialum Public Offer” for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed under “— where to collect the Application Form” above, at the following times:

- Wednesday, January 23, 2013 — 9:00 a.m. to 4:30 p.m.
- Thursday, January 24, 2013 — 9:00 a.m. to 4:30 p.m.
- Friday, January 25, 2013 — 9:00 a.m. to 4:30 p.m.
- Saturday, January 26, 2013 — 9:00 a.m. to 1:00 p.m.
- Monday, January 28, 2013 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, January 28, 2013.

No proceedings will be taken on applications for the Hong Kong Offer Shares and no allotment of any such Hong Kong Offer Shares will be made until the closing of the application lists. No allotment of any of the Hong Kong Offer Shares will be made until after Monday, January 28, 2013.

### 11. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, January 28, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

“**Business Day**” means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists do not open and close on Monday, January 28, 2013 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed “Expected Timetable”, such dates mentioned in the section headed “Expected Timetable” may be affected. An announcement will be made in such event.

### 12. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, an indication of the level of interest in the International Offering, the level of applications of the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, February 4, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at [www.palum.com](http://www.palum.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering can be found in our announcement to be posted on the Company’s website at [www.palum.com](http://www.palum.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, February 4, 2013;

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- Results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) on a 24-hour basis from 8:00 a.m. on Monday, February 4, 2013 to 12:00 midnight on Sunday, February 10, 2013. Search by ID function will be available on our results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk), or via a hyperlink from our website at [www.palum.com](http://www.palum.com) to our results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk). The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, February 4, 2013 to Thursday, February 7, 2013;
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Monday, February 4, 2013 to Wednesday, February 6, 2013 at all the receiving bank branches and sub-branches at the addresses set forth “Where to Collect the Application Forms” in this section.

The Company may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

If the Company accepts your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 13. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

Full details of the circumstances in which you will not be allotted Hong Kong Offer Shares are set out in this prospectus, in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf) and in the electronic application instructions on the **White Form eIPO** service designated website at [www.eipo.com.hk](http://www.eipo.com.hk) for applications made using the **White Form eIPO** service, and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer shares will not be allotted to you:

#### (i) If your application is revoked:

By completing and submitting an application or giving electronic application instructions to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form, submit an application through the **White Form eIPO** service or give your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they are required to confirm their applications. If applicant(s) have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will not be valid. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or our agents exercise our or their discretion to reject your application:**

The Company and the Joint Global Coordinators, or our or their respective agents and nominees or the White Form eIPO Service Provider (where applicable), have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give electronic application instructions to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications as described in “How Many Applications Can You Make” in this section;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider through



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**White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk), you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at [www.eipo.com.hk](http://www.eipo.com.hk);
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement do not become unconditional;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement are terminated in accordance with their respective terms;
- the Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 15,000,000 Hong Kong Offer Shares.

### 14. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK\$4.50 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or, as the case may be, the cheque will not be cleared. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

Refund of your application monies (if any) will be made on Monday, February 4, 2013 in accordance with the various arrangements as described in this section.

### 15. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all the Hong Kong Offer Shares sold to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. Subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (i) for applications on **WHITE** Application Forms:
  - (a) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application(s) is wholly successful; or
  - (b) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application(s) is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms, share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and
- (ii) for applications on all Application Forms, refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application(s) is partially unsuccessful; or (ii) all the application monies, if the application(s) is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/ passport number, or, if you are joint applicants, part of the Hong Kong identity card number/ passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque(s).

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under the **WHITE** and/or **YELLOW** Application Forms, and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or White Form eIPO, are expected to be posted on or before Monday, February 4, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Tuesday, February 5, 2013 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates do so entirely at their own risk.

### Personal Collection

#### (i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) and/or share certificate(s) (where applicable) in relation to the relevant application in person and have provided all information required by your Application Form, you may collect the relevant refund cheque(s) and/or share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716,

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17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, February 4, 2013 or such other date as notified by us in the newspapers as the date of collection/dispatch of e-Refund payment instructions/refund cheques/share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in the relevant Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, or you apply for 1,000,000 or more Hong Kong Offer Shares but have not indicated on the relevant Application Form that you will collect your refund cheque(s) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on the relevant Application Form on Monday, February 4, 2013, by ordinary post and at your own risk.

### **(ii) If you apply using a YELLOW Application Form**

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of dispatch, which is expected to be on Monday, February 4, 2013, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Monday, February 4, 2013, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

### **(iii) If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):**

For Hong Kong Public Offering shares credited to the stock account of your designated CCASS Participant (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS Participant.

### **(iv) If you are applying as a CCASS Investor Participant:**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner specified in the section headed "How to Apply for Hong Kong Offer Shares—Publication of Results" on Monday, February 4, 2013. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, February 4, 2013 or any other date HKSCC or HKSCC Nominees Limited chooses. Immediately after the credit of the Hong Kong Public Offering shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect

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from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

### **(v) If you are applying through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website [www.eipo.com.hk](http://www.eipo.com.hk) and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, February 4, 2013, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the White Form eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the White Form eIPO Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) on Monday, February 4, 2013 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application monies underpaid or applications rejected by the White Form eIPO Service Provider set forth in "Applying through the White Form eIPO Service — Additional Information" in this section.

If you apply through the **White Form eIPO** service and pay the application monies from a single bank account, refund monies (if any) will be dispatched to the application payment account in the form of e-Refund payment instructions. If you apply through the **White Form eIPO** service and pay the application monies from multiple bank accounts, refund monies (if any) will be dispatched to the address as specified in your **White Form eIPO** application instructed to the White Form eIPO Service Provider in the form of refund cheque(s), by ordinary post at your own risk.

### **Electronic Application Instructions to HKSCC**

#### **Allocation of Hong Kong Offer Shares**

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instructions is given will be treated as an applicant.

#### ***Deposit of Share Certificates into CCASS and Refund of Application Monies***

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant stock account on Monday, February 4, 2013, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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of allotment of the Hong Kong Public Offering in the manner specified in the section headed “How to Apply for Hong Kong Offer Shares — Publication of Results” on Monday, February 4, 2013. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Monday, February 4, 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, February 4, 2013. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, February 4, 2013. No interest will be paid thereon.

### 16. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### I. FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

#### 1. GENERAL

- (a) If you apply for the Hong Kong Offer Shares in the Hong Kong Public Offering, you will be agreeing with our Company and the Joint Global Coordinators (for itself and on behalf of the Underwriters) as set out below.
- (b) If you give electronic application instructions to HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.
- (c) If you give electronic application instructions through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk), you will have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.
- (d) In this section, references to “you,” “applicants,” “joint applicants” and other like references shall, if the context so permits, include references to making applications electronically by submitting an application to the **White Form eIPO** Service Provider through the designated website for the **White Form eIPO** service and both nominees and principals on whose behalf HKSCC Nominees is applying for the Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.
- (e) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC prior to making any application for the Hong Kong Offer Shares.

#### 2. OFFER TO PURCHASE THE HONG KONG OFFER SHARES

- (a) You offer to purchase from our Company at the Offer Price the number of the Hong Kong Offer Shares indicated in your application (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.
- (b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable thereto), is expected to be sent to you by ordinary post at your own risk to the address stated on your Application Form on or before Monday, February 4, 2013. Details of the procedure for refunds relating to the Hong Kong Public Offering methods are contained below in “—7. If Your Application for Hong Kong Offer Shares is Successful (in Whole or in Part),” “—8. Refund of Application Monies” and “—9. Additional Information for Applicants Applying by Giving Electronic Application Instructions to HKSCC”.
- (c) Any application may be rejected in whole or in part.
- (d) For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions to HKSCC via CCASS is a person who may be entitled to

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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compensation under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

- (e) The section headed “Personal Data” in the Application Form applies to any personal data held by the Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### 3. ACCEPTANCE OF YOUR OFFER

- (a) The Hong Kong Offer Shares will be allocated after the application lists close. We expect to announce the final number of Hong Kong Offer Shares, the level of applications under the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Monday, February 4, 2013. See “How to Apply for Hong Kong Offer Shares—Publication of Results, Dispatch/Collection of Share Certificates and Refunds of Application Monies.”
- (b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of the Hong Kong Offer Shares successfully applied for, will be made available on Monday, February 4, 2013, in the manner described in “How to Apply for Hong Kong Offer Shares—Publication of Results, Dispatch/Collection of Share Certificates and Refunds of Application Monies”.
- (c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.
- (d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering” in this prospectus.
- (e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 4. EFFECT OF MAKING ANY APPLICATION

- (a) By completing and submitting any application, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:
  - (i) instruct and authorize our Company and the Joint Global Coordinators (or their respective agents or nominees), as an agent of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) or in the name of HKSCC Nominees, as the case may be, as required by our Memorandum of Association and Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
  - (ii) undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares allocated to you, and as required by our Articles of Association;

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (iii) represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in Regulation S);
- (iv) confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
- (v) agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (vi) (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider under the **White Form eIPO** service;
- (vii) (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- (viii) (if you are an agent for another person) warrant reasonable inquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorized to sign the Application Form or to give **electronic application instructions** as that other person's agent;
- (ix) agree that once your application is accepted, your application will be evidenced by the results of allocations of the Hong Kong Public Offering made available by our Company;
- (x) undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for, taken up or indicated an interest for, and will not apply for, take up or indicate an interest for any International Offer Shares nor otherwise participate in the International Offering;
- (xi) warrant the truth and accuracy of the information contained in your application;
- (xii) represent and warrant that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S);
- (xiii) agree to disclose to our Company, and/or its Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and their respective advisers and agents any personal data and information which they require about you or the person(s) for whose benefit you have made the application;
- (xiv) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xv) undertake and agree to accept the Shares applied for, or any lesser number allocated to you under the application;
- (xvi) authorize our Company to place your name(s) or HKSCC Nominees, as the case may be, on our Company's register of members as the holder(s) in Hong Kong of any Hong



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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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Kong Offer Shares allocated to you, and our Company and/or our Company's agents to send any Share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post to the address stated on your Application Form at your own risk (except if you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form that you wish to collect your refund cheque and Share certificates (where applicable) in person);

- (xvii) authorize our Company to dispatch e-Refund payment instructions to the application payment account if you have completed payment of the **White Form eIPO** application monies from a single bank account; or authorize our Company to issue and dispatch refund cheque(s) to the address given on the **White Form eIPO** application if you have completed payment of the application monies from multiple bank accounts;
- (xviii) agree that the processing of your application, may be done by any of our Company's receiving banks and is not restricted to the bank at which your Application Form is lodged;
- (xix) confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;
- (xx) understand that these declarations and representations will be relied upon by our Company and the Joint Global Coordinators in deciding whether or not to allocate any Offer Shares in response to your application;
- (xxi) if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xxii) agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application to have agreed, for itself and on behalf of each Shareholder of our Company) (and if applicable, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Islands Companies Law, the Memorandum of Association and the Articles of Association;
- (xxiii) agree with our Company and each Shareholder, and our Company agrees with each of our Company's Shareholders, to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (xxiv) agree with our Company and each Shareholder that the Shares are freely transferable by the holders thereof;
- (xxv) authorize our Company to enter into a contract on your behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Memorandum of Association and Articles of Association;
- (xxvi) agree that our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Underwriters and any of their respective directors, officers,

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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employees, agents or advisers and any parties involved in the Global Offering are only for the information and representations contained in the Prospectus and any supplement thereto (and only to the extent such liability is held to exist by a court with competent jurisdiction);

- (xxvii) agree that our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Hong Kong Underwriters and the Directors are liable only for the information and representations contained in this prospectus and any supplement thereto; and
  - (xxviii) agree to disclose to our Company, our Company's Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and their respective advisers and agents any personal data and any other information which they require about you or the person(s) for whose benefit you have made the application.
- (b) If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee agree that:
- (i) the Hong Kong Offer Shares to be allocated to you shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant;
  - (ii) each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your (or, if you are a joint applicant, to the first-named applicant's) name and in such a case, to post the Share certificate(s) for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;
  - (iii) each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;
  - (iv) neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
  - (v) neither HKSCC nor HKSCC Nominees shall be liable to you in any way.
- (c) In addition, by giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things and neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:
- (i) instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (ii) instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the Offer Price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account;
  
- (iii) (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares) HKSCC Nominees is only acting as nominee for the applicants and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus in addition to the confirmations and agreements set out in paragraph (a) above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:
  - (A) agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input **electronic application instructions** on your behalf or for your CCASS Investor Participant stock account;
  - (B) undertake and agree to accept the Hong Kong Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
  - (C) (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
  - (D) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;
  - (E) understand that the above declaration will be relied upon by our Company, the Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
  - (F) authorize our Company to place the name of HKSCC Nominees on the Hong Kong register of members of our Company as the holder(s) of the Hong Kong Offer Shares allotted in respect of your **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
  - (G) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them; and are aware of the restrictions on the Hong Kong Public Offering described in this prospectus;
  - (H) confirm that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your broker or custodian to give **electronic application instructions** on your behalf;

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (I) agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
  - (J) agree that any application made by HKSCC Nominees on behalf of you pursuant to the **electronic application instructions** given by you is irrevocable before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
  - (K) agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of allocations of the Hong Kong Public Offering published by our Company;
  - (L) agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares; and
  - (M) agree with our Company, for itself and for the benefit of each of the Shareholders of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders of our Company, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and our Memorandum of Association and Articles of Association.
- (d) Our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.
- (e) In the event of this application being made by joint application, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally. You may be prosecuted if you make a false declaration.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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### 5. MULTIPLE APPLICATIONS

- (a) It will be a term and condition of all applications that by completing and delivering an Application Form, you:
- (i) (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider under the **White Form eIPO** service;
  - (ii) (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application; and
  - (iii) (if you are an agent for another person) warrant reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorized to sign the Application Form or to give **electronic application instructions** as that other person's agent.
- (b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) will be rejected as multiple applications if you, or you and your joint applicant(s) together:
- (i) make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk));
  - (ii) both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk));
  - (iii) apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk)) for more than 15,000,000 Shares, being 50% of Hong Kong Offer Shares initially being offered in the Hong Kong Public Offering; or
  - (iv) have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) International Offer Shares.
- (c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions** or to the **White Form eIPO** Service Provider through the **White Form eIPO** service ([www.eipo.com.hk](http://www.eipo.com.hk))). If an application is made by an unlisted company and
- (i) the principal business of that company is dealing in securities; and
  - (ii) you exercise statutory control over that company,
- then the application will be treated as being made for your benefit.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you or your application is liable to be rejected:

#### (a) If your application is revoked

By completing and submitting an Application Form or **electronic application instruction** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the publication of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

#### (b) If our Company, the Joint Global Coordinators or their respective agents exercise their discretion to reject your application

Our Company, the Joint Global Coordinators (as agents of our Company) or their respective agents have full discretion to reject or accept any application, or to accept only part of any application without having to give any reasons for any rejection or acceptance.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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**(c) If the allotment of Hong Kong Offer Shares is void**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give: electronic application instructions to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- (i) within three weeks from the closing of the application lists; or
- (ii) within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(d) In the following circumstances**

- (i) you make multiple applications or suspected multiple applications;
- (ii) the application for Shares is not one of the numbers set out in the table in the Application Form;
- (iii) your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- (iv) your payment is not made correctly;
- (v) you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation;
- (vi) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allotted (including conditionally and/or provisionally) Hong Kong Offer Shares and/or International Offer Shares. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving electronic application instructions to HKSCC or the designated **White Form eIPO** Service Provider under the **White Form eIPO** service, you agree not to apply for Hong Kong Offer Shares as well as the International Offer Shares. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received International Offer Shares, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
- (vii) our Company and the Joint Global Coordinators believe that by accepting your application they would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and signed;
- (viii) your application is for more than 50% of the Hong Kong Offer Shares initially being offered in the public for subscription;
- (ix) the Underwriting Agreements do not become unconditional; or
- (x) the Underwriting Agreements are terminated in accordance with their respective terms.

**7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)**

Our Company will not issue temporary documents of title. No receipt will be issued for sums paid on application.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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You will receive one Share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS, in which case Share certificates will be deposited directly into CCASS).

Share certificates will only become valid certificates of title at around 8:00 a.m. on Tuesday, February 5, 2013, provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the paragraph headed “Hong Kong Public Offering—Grounds for termination” under the section in this prospectus entitled “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

### **(a) If you apply using a WHITE Application Form**

If you have applied for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your Share certificate(s) and/or refund cheque (where applicable) from Computershare Hong Kong Investor Services Limited (where applicable) and have provided all information required by your Application Form, you may collect them in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, February 4, 2013 or such other place and date as notified by our Company in the newspapers as the place and date of dispatch/collection of e-Refund payment instructions/refund cheque(s)/share certificate(s).

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. You must produce evidence of identity (which must be acceptable to Computershare Hong Kong Investor Services Limited) to collect each Share certificate. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation’s chop. Such authorized representatives must produce at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your Share certificate(s) and/or refund cheque (where applicable) personally within the time specified for collection, they will be dispatched promptly to you by ordinary post to the address as specified in the Application Form at your own risk.

If you have applied for less than 1,000,000 Hong Kong Offer Shares or if you have applied for 1,000,000 or more Hong Kong Offer Shares but have not indicated on your Application Form that you wish to collect your Share certificate(s) and/or refund cheque (where applicable) in person, then your Share certificate(s) and/or refund cheque (where applicable) will be sent to the address on the Application Form on or before Monday, February 4, 2013, by ordinary post and at your own risk.

### **(b) If you apply using a YELLOW Application Form**

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in the Application Form on Monday, February 4, 2013, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form, for the Hong Kong Offer Shares credited to the stock



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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of the CCASS Investor Participants applications, together with the results of the Hong Kong Public Offering in the manner described in “How to Apply for Hong Kong Offer Shares—Publication of results, Dispatch/Collection of Share Certificates and Refunds of Application Monies”. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, February 4, 2013, or and other date as shall be determined by HKSCC or HKSCC Nominees.

Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS phone system and the CCASS internet system (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque(s) (if any) in person, you should follow the same procedure as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or more and have not indicated on the Application Form that you will collect your refund cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) (if any) will be dispatched promptly to you by ordinary post to the address as specified in the Application Form at your own risk.

### **(c) If you apply through White Form eIPO**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an **White Form eIPO** instruction to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) and your application is wholly or partially successful, you may collect your Share certificate(s) (where relevant) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, February 4, 2013, or such other dates as notified by our Company in the newspapers as the date of dispatch/collection of Share certificate(s)/e-Refund payment instructions/refund cheque(s).

If you do not collect your Share certificate(s) in person within the time specified for collection, it/they will be dispatched promptly to you by ordinary post to the address as specified in the application instructions to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where relevant) will be dispatched promptly to you by ordinary post to the address as specified in the application instructions to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) at your own risk.

If you apply through the **White Form eIPO** service by paying the application monies through a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price being less than the Offer Price initially paid on your application, e-Refund payment instructions (if any) will be dispatched to the application payment account on or before Monday, February 4, 2013.

If you apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts and your application is wholly or partially unsuccessful and/or the final Offer Price being less than the Offer Price initially paid on your application, refund cheque(s) will be sent to

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the address specified in your application instructions to the designated **White Form eIPO** Service Provider on or before Monday, February 4, 2013, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the **White Form eIPO** Service Provider set out below in “—9. Additional Information for Applicants Applying by Giving Electronic Application Instructions to HKSCC.”

### 8. REFUND OF APPLICATION MONIES

If your application is unsuccessful (in whole), or if you do not receive any Hong Kong Offer Shares for any of the reasons set out under the paragraph headed “—6. Circumstances in which you will not be allotted Hong Kong Offer Shares” of this section of this prospectus, our Company will refund to you your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the initial offer price per Share (excluding brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% thereon) paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1.0%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005% without interest. All such interest accrued on such monies prior to the date of dispatch of refund cheques will be retained for the benefit of our Company. In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund cheques will be crossed “Account Payee Only” and made out to you, or, if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number (or, in the case of joint applicants part of the Hong Kong identity card number/passport number of the first-named applicant) provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verifications for your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment or may invalidate, your refund cheque.

It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

### 9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

#### (a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

#### (b) Deposit of Share certificates into CCASS and refund of application monies

- (i) No temporary document of title will be issued. No receipt will be issued for sums paid on application.

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (ii) If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or to your CCASS Investor Participant stock account on Monday, February 4, 2013, or, on such other date as shall be determined by HKSCC or HKSCC Nominees.
- (iii) Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong Business Registration number for corporations, as the case may be) and the basis of allotment of the Hong Kong Public Offering in the manner described in the section headed “How to Apply for Hong Kong Offer Shares—Publication of Results, Dispatch/Collection of Share Certificates and Refunds of Application Monies” above on Monday, February 4, 2013.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, February 4, 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- (i) If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- (ii) If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS phone system and the CCASS internet system (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Monday, February 4, 2013. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- (iii) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or a difference between the Offer Price and the Offer Price per Share initially paid on application, in each case including brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, February 4, 2013. No interest will be paid thereon.

### 10. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH WHITE FORM eIPO

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through the **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

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Otherwise, any monies payable to you due to a refund for any of the reasons set out above in “—8. Refund of Application Monies” shall be made pursuant to the arrangements described above in “—7. If your application for Hong Kong Offer Shares is successful (in whole or in part)—(c) If you apply through **White Form eIPO**.”

### 11. PERSONAL DATA

This Personal Information Collection Statement informs the applicant for and holder of Hong Kong Offer Shares of the policies and practices of our Company and our Company’s Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance.

#### (a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected and delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of the Share certificate(s), and/or the dispatch of e-Refund payment instructions/ refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and our Company’s Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

#### (b) Purpose

The personal data of the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- (i) processing of your application and e-Refund payment instructions/refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;
- (ii) enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- (iii) registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- (iv) maintaining or updating the registers of holders of securities of our Company;
- (v) conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- (vi) establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;
- (vii) distributing communications from our Company and our subsidiaries;
- (viii) compiling statistical information and shareholder profiles;

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## ADDITIONAL TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

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- (ix) making disclosures as required by laws, rules or regulations;
- (x) disclosing identities of successful applicants by way of press announcement(s) or otherwise;
- (xi) disclosing relevant information to facilitate claims on entitlements; and
- (xii) any other incidental or associated purposes relating to the above and/or to enable our Company and our Hong Kong Share Registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

### **(c) Transfer of personal data**

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and our Company's Hong Kong Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- (i) our Company or our appointed agents such as financial advisers and receiving banks and overseas principal registrars;
- (ii) where applicants for securities request deposit into CCASS, to HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- (iii) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with the operation of their respective businesses;
- (iv) any regulatory or governmental bodies (including the Stock Exchange and the SFC); and
- (v) any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

### **(d) Access to and correction of personal data**

The Personal Data (Privacy) Ordinance provides the holders of securities with rights to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Personal Data (Privacy) Ordinance, our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the "Corporate Information" section in this prospectus or as notified from time to time in accordance with applicable law, for the attention of our company secretary, or our Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

By signing an Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, you agree to all of the above.

*The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

January 23, 2013

The Directors  
PanAsialum Holdings Company Limited

HSBC Corporate Finance (Hong Kong) Limited  
J.P. Morgan Securities (Far East) Limited

Dear Sirs,

We report on the financial information of PanAsialum Holdings Company Limited (the "Company") and its subsidiaries now comprising the group (together, the "Group") which comprises the combined balance sheets as at September 30, 2010, 2011 and 2012, the balance sheets of the Company as at September 30, 2010, 2011 and 2012, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended September 30, 2010, 2011 and 2012 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated January 23, 2013 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on October 7, 2005 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization as described in Note 1.2 of Section II headed "Reorganization" below, which was completed on October 12, 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganization").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies.

No audited financial statements have been prepared by the Company as it has not been involved in any significant business transactions since its date of incorporation other than the Reorganization. The audited financial statements of other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and presented on the basis set out in Note 1.3 of Section II below.

**Directors’ responsibility for the financial information**

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant’s responsibility**

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

**Opinion**

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the state of affairs of the Company as at September 30, 2010, 2011 and 2012 and of the combined state of affairs of the Group as at September 30, 2010, 2011 and 2012 and of the Group’s combined results and cash flows for the Relevant Periods then ended.

## I FINANCIAL INFORMATION

The following is the financial information of the Group as at September 30, 2010, 2011 and 2012 and for each of the years ended September 30, 2010, 2011 and 2012 (the "Financial Information"), presented on the basis set out in Note 1.3 below:

## (a) Combined balance sheets

	Note	As at September 30,		
		2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	141,132	182,225	399,637
Land use rights	7	9,170	9,572	9,356
Deposits and lease prepayments		1,302	2,456	1,847
Prepayments for property, plant and equipment		1,936	7,774	9,956
Capital guaranteed fund	9	4,412	4,446	4,482
Derivative financial instruments	9,13	544	343	474
		<u>158,496</u>	<u>206,816</u>	<u>425,752</u>
<b>Current assets</b>				
Inventories	11	132,259	187,495	208,283
Trade receivables	12	359,248	522,794	813,637
Prepayments, deposits and other receivables	12	65,006	89,225	112,696
Due from related companies	10	6,505	4,708	7,938
Pledged bank deposits	14	21,963	21,531	21,531
Cash and cash equivalents	14	139,490	111,352	143,303
		<u>724,471</u>	<u>937,105</u>	<u>1,307,388</u>
<b>Total assets</b>		<u>882,967</u>	<u>1,143,921</u>	<u>1,733,140</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Combined capital	15	—	—	—
Reserves		438,439	638,380	735,955
<b>Total equity</b>		<u>438,439</u>	<u>638,380</u>	<u>735,955</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Obligations under finance leases — non-current portion	17	1,932	409	—
		<u>1,932</u>	<u>409</u>	<u>—</u>
<b>Current liabilities</b>				
Trade payables	18	17,248	36,361	105,067
Other payables and accrued charges	18	76,665	111,735	146,039
Due to a director	10	8,486	—	—
Derivative financial instruments	13	21,830	—	340
Borrowings	16	279,408	314,451	602,084
Obligations under finance leases — current portion	17	3,846	1,466	409
Dividend payable		836	—	86,000
Current income tax liabilities		34,277	41,119	57,246
		<u>442,596</u>	<u>505,132</u>	<u>997,185</u>
<b>Total liabilities</b>		<u>444,528</u>	<u>505,541</u>	<u>997,185</u>
<b>Total equity and liabilities</b>		<u>882,967</u>	<u>1,143,921</u>	<u>1,733,140</u>
<b>Net current assets</b>		<u>281,875</u>	<u>431,973</u>	<u>310,203</u>
<b>Total assets less current liabilities</b>		<u>440,371</u>	<u>638,789</u>	<u>735,955</u>



## (b) Balance sheets of the Company

	Note	As at September 30,		
		2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
<b>ASSET</b>				
<b>Current asset</b>				
Prepayment .....		6	7	—
<b>Total asset</b> .....		<u>6</u>	<u>7</u>	<u>—</u>
<b>EQUITY</b>				
<b>Equity attributable to the Company's equity holders</b>				
Share capital .....	15	—	—	—
Accumulated losses .....		(316)	(358)	(402)
<b>Total equity holders' deficit</b> .....		<u>(316)</u>	<u>(358)</u>	<u>(402)</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accrual .....		—	—	7
Due to a fellow subsidiary .....	30(iii)	322	365	395
<b>Total liabilities</b> .....		<u>322</u>	<u>365</u>	<u>402</u>
<b>Total equity and liabilities</b> .....		<u>6</u>	<u>7</u>	<u>—</u>
<b>Net current liabilities</b> .....		<u>(316)</u>	<u>(358)</u>	<u>(402)</u>
<b>Total asset less current liabilities</b> .....		<u>(316)</u>	<u>(358)</u>	<u>(402)</u>

## (c) Combined statements of comprehensive income

	Note	Year ended September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Revenue . . . . .	5	1,366,944	2,090,575	2,436,995
Cost of sales . . . . .	19	(1,075,078)	(1,585,897)	(1,822,114)
<b>Gross profit</b> . . . . .		291,866	504,678	614,881
Distribution and selling expenses . . . . .	19	(115,588)	(89,296)	(102,630)
Administrative expenses . . . . .	19	(80,062)	(82,271)	(138,703)
Other income . . . . .	22	7,023	7,815	4,013
Other gains/(losses) — net . . . . .	23	5,672	(45,240)	27,233
<b>Operating profit</b> . . . . .		108,911	295,686	404,794
Finance income . . . . .	24	152	173	209
Finance costs . . . . .	24	(14,137)	(21,509)	(25,689)
Finance costs — net . . . . .	24	(13,985)	(21,336)	(25,480)
<b>Profit before income tax</b> . . . . .		94,926	274,350	379,314
Income tax expense . . . . .	25	(8,246)	(14,058)	(22,226)
<b>Profit for the year</b> . . . . .		86,680	260,292	357,088
Other comprehensive income				
Currency translation differences . . . . .		(5,479)	9,649	487
<b>Total comprehensive income for the year</b> . . . . .		81,201	269,941	357,575
<b>Profit attributable to:</b>				
Equity holders of the Company . . . . .		86,680	260,292	357,088
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company . . . . .		81,201	269,941	357,575
Earnings per share . . . . .	27	N/A	N/A	N/A
Dividends . . . . .	26	29,000	70,000	260,000

## (d) Combined statements of changes in equity

	Attributable to equity holders of the Company					Total equity HK\$'000
	Combined capital	Foreign currency translation reserve	Statutory reserves	Retained earnings	Proposed final dividend	
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	
<b>Balance at October 1, 2009</b> . . . . .	—	22,364	5,099	355,823	25,000	408,286
Profit for the year . . . . .	—	—	—	86,680	—	86,680
Other comprehensive income:						
Currency translation differences . . . . .	—	(5,479)	—	—	—	(5,479)
Total comprehensive income for the year . . . . .	—	(5,479)	—	86,680	—	81,201
Transactions with owners:						
Transfer to statutory reserves . .	—	—	1,255	(1,255)	—	—
Disposal of subsidiaries . . . . .	—	2,952	—	—	—	2,952
Dividend — 2009 (Note 26) . . . .	—	—	—	—	(25,000)	(25,000)
Dividend — 2010 (Note 26) . . . .	—	—	—	(29,000)	—	(29,000)
Total transactions with owners . . . . .	—	2,952	1,255	(30,255)	(25,000)	(51,048)
<b>Balance at September 30, 2010</b> . . . . .	—	19,837	6,354	412,248	—	438,439
<b>Balance at October 1, 2010</b> . . . . .	—	19,837	6,354	412,248	—	438,439
Profit for the year . . . . .	—	—	—	260,292	—	260,292
Other comprehensive income:						
Currency translation differences . . . . .	—	9,649	—	—	—	9,649
Total comprehensive income for the year . . . . .	—	9,649	—	260,292	—	269,941
Transactions with owners:						
Transfer to statutory reserves . .	—	—	3,183	(3,183)	—	—
Dividend — 2011 (Note 26) . . . . .	—	—	—	(70,000)	—	(70,000)
Total transactions with owners . . . . .	—	—	3,183	(73,183)	—	(70,000)
<b>Balance at September 30, 2011</b> . . . . .	—	29,486	9,537	599,357	—	638,380
<b>Balance at October 1, 2011</b> . . . . .	—	29,486	9,537	599,357	—	638,380
Profit for the year . . . . .	—	—	—	357,088	—	357,088
Other comprehensive income:						
Currency translation differences . . . . .	—	487	—	—	—	487
Total comprehensive income for the year . . . . .	—	487	—	357,088	—	357,575
Transactions with owners:						
Transfer to statutory reserves . .	—	—	3,535	(3,535)	—	—
Dividend — 2012 (Note 26) . . . .	—	—	—	(260,000)	—	(260,000)
Total transactions with owners . . . . .	—	—	3,535	(263,535)	—	(260,000)
<b>Balance at September 30, 2012</b> . . . . .	—	29,973	13,072	692,910	—	735,955

## Note:

The statutory reserves are set up by the Group's subsidiaries, namely 榮陽鋁業(中國)有限公司 ("PACL") and OPAL (Macao Commercial Offshore) Limited ("MCO"), by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the People's Republic of China (the "PRC") and in Macao.

In the PRC, PACL is required to allocate at least 10% of its net profit for the year as reported in its PRC statutory accounts to the statutory reserves until such reserve reaches 50% of registered capital. The reserve is designated for statutory surplus reserve fund and an enterprise expansion fund which are non-distributable. The statutory surplus reserve fund can be used to make up its prior years' losses, if any, and can be applied in conversion into capital by means of capitalization issue. The enterprise expansion fund can be used for expanding the capital base of PACL, by means of capitalization issue.

In Macao, the Macao Commercial Code #377 requires that MCO should set aside a minimum of 25% of MCO's profit for the year to the statutory reserves until the balance of the reserve reaches a level equivalent to 50% of the capital of MCO. The reserve is non-distributable.

During the years ended September 30, 2010 and 2011 and 2012, appropriations to the statutory reserves amounted to approximately HK\$1,255,000, HK\$3,183,000, and HK\$3,535,000 respectively.

## (e) Combined statements of cash flows

	Note	Year ended September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	28(a)	113,862	118,537	194,509
Interest paid		(14,137)	(21,509)	(25,689)
Income tax paid		(4,753)	(10,149)	(6,723)
Net cash generated from operating activities		<u>94,972</u>	<u>86,879</u>	<u>162,097</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment and construction in progress		(11,683)	(74,225)	(244,267)
(Increase)/decrease in deposits for property, plant and equipment		(833)	(6,920)	160
Proceeds from sale of property, plant and equipment		325	1,034	785
Cash and cash equivalents in subsidiaries disposed of	28(b)	(14,598)	—	—
Investment in capital guaranteed fund		(4,524)	—	—
Proceeds received on maturity of capital guaranteed fund		3,903	—	—
Interest received		141	3,014	209
Net cash used in investing activities		<u>(27,269)</u>	<u>(77,097)</u>	<u>(243,113)</u>
<b>Cash flows from financing activities</b>				
Increase in pledged bank deposits		3,572	432	—
Dividends paid to Company's shareholders		(67,037)	(70,836)	(174,000)
Proceeds from borrowings		881,910	1,066,583	1,416,013
Repayments of borrowings		(819,791)	(1,031,540)	(1,128,380)
Payment of finance lease liabilities	28(c)	(4,424)	(3,911)	(1,466)
Net cash (used in)/generated from financing activities		<u>(5,770)</u>	<u>(39,272)</u>	<u>112,167</u>
Net increase/(decrease) in cash and cash equivalents		61,933	(29,490)	31,151
Cash and cash equivalents at beginning of the year		77,205	139,490	111,352
Exchange gains on cash and cash equivalents		352	1,352	800
<b>Cash and cash equivalents at end of the year</b>	14	<u>139,490</u>	<u>111,352</u>	<u>143,303</u>

## II NOTES TO THE FINANCIAL INFORMATION

### 1 General information of the Group and reorganization

#### 1.1 General information of the Group

PanAsialum Holdings Company Limited (formerly known as “PanAsia Enterprises Group Limited”) (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on October 7, 2005 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and trading of aluminum products (“Listing Business”).

Pursuant to a director’s resolution dated October 19, 2011, the Company changed its name from PanAsia Enterprises Group Limited to PanAsialum Holdings Company Limited. The controlling shareholder of the Listing Business is Mr. Marcus Pan (the “Controlling Shareholder”).

The Financial Information is presented in Hong Kong Dollar (HK\$), unless otherwise stated.

#### 1.2 Reorganization

The Listing Business was primarily carried out by PanAsia Enterprises Group Limited (“PanAsia BVI”) and its subsidiaries. In preparation for the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the Group underwent the reorganization (the “Reorganization”) as follows:

On October 12, 2012, the Company issued and allotted 999,999 ordinary shares of HK\$0.1 each at par to Easy Star Holdings Limited (“Easy Star”) in exchange for the entire interests in PanAsia BVI, the then wholly owned subsidiary of Easy Star.

Upon the completion of the Reorganization and as of the date of this report, the Company had direct and indirect interests in the following subsidiaries. Such interests, directly or indirectly held by the Controlling Shareholder, have remained unchanged during the Relevant Periods.

<u>Name of company</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Equity interest</u>	<u>Principal activities and place of operations</u>	<u>Note</u>
PanAsia Aluminium (Hong Kong) Limited	Hong Kong	June 7, 2000	10,000 ordinary shares of HK\$1 each	100% (indirect)	Trading of aluminum products / Hong Kong	(i)
PanAsia Aluminium Limited	Hong Kong	July 18, 1997	10,000 ordinary shares of HK\$1 each	100% (indirect)	Trading of aluminum products and provision of management services / Hong Kong	(i)
PanAsia Trading Limited	Hong Kong	November 23, 1993	10,000 ordinary shares of HK\$1 each	100% (indirect)	Trading of aluminum products / Hong Kong	(i)

<u>Name of company</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Equity interest</u>	<u>Principal activities and place of operations</u>	<u>Note</u>
OPAL (Macao Commercial Offshore) Limited (formerly known as PanAsia Aluminium (Macao Commercial Offshore) Limited)	Macao	September 23, 2005	Registered capital of MOP1,000,000	100% (indirect)	Trading of aluminum products / Macao	(ii)
榮陽鋁業(中國)有限公司 ("PanAsia Aluminum (China) Co., Ltd")* (formerly known as 增城榮陽鋁業有限公司 Zeng Cheng PanAsia Aluminium Co., Ltd.)	The People's Republic of China (the "PRC")	April 20, 1998	Registered capital of US\$21,889,000 and paid-up capital of US\$21,889,000	100% (indirect)	Manufacturing and trading of aluminum products / the PRC	(iii)
廣州澳普利發門窗系統有限公司 ("Guangzhou OPLV Doors and Windows Systems Co., Ltd")* (formerly known as 廣州澳寶易發門窗系統有限公司)	The PRC	December 12, 2007	Registered capital of US\$13,000,000 and paid-up capital of US\$13,000,000	100% (indirect)	Processing and trading of windows and doors system / the PRC	(iii)
廣州榮富電子科技有限公司 ("Guangzhou Rongfu Electronics Technology Co. Ltd.")*	The PRC	May 10, 2012	Registered capital of RMB10,000,000 and paid up capital of RMB10,000,000	100% (indirect)	Manufacturing, developing and trading of electronic products and computer parts	(vii)
PanAsia Enterprises Group Limited (formerly known as Smart Team Holdings Limited)	The British Virgin Islands (the "BVI")	June 3, 1998	2 ordinary shares of US\$1 each	100% (direct)	Investment holding	(iv)
CEPA Chance Investments Limited	The BVI	December 8, 2003	1 ordinary share of US\$1 each	100% (indirect)	Inactive	(iv)
Loyal Hill (Holdings) Limited	Hong Kong	December 6, 2007	1 ordinary share of HK\$1 each	100% (indirect)	Inactive	(i)
Loyal Hill Limited	Hong Kong	December 6, 2007	1 ordinary share of HK\$1 each	100% (indirect)	Inactive	(i)
OPLV Architectural Design Pty. Ltd. (formerly known as OPLV Window And Door Pty. Ltd.)	Australia	January 31, 2008	100 ordinary shares of AUD1 each	100% (indirect)	Inactive	(v)

<u>Name of company</u>	<u>Place of incorporation/ establishment</u>	<u>Date of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Equity interest</u>	<u>Principal activities and place of operations</u>	<u>Note</u>
PanAsia Group Limited	Hong Kong	July 11, 1997	1,000,000 ordinary shares of HK\$1 each	100% (indirect)	Investment holding / Hong Kong	(i)
Triplerich Associates Limited	The BVI	December 6, 2004	1 ordinary share of US\$1 each	100% (indirect)	Inactive	(vi)
Win International Limited	Hong Kong	November 26, 2003	10,000 ordinary shares of HK\$1 each	100% (indirect)	Investment holding / Hong Kong	(i)
成都珍誠貿易有限公司 ("Chengdu Zhencheng Trading Co., Ltd)*	The PRC	November 22, 2012	Registered capital of HK\$10,000,000, nil paid	100% (indirect)	General trading and aftersales services	(vii)

The subsidiaries incorporated in the People's Republic of China and Australia have adopted December 31, as their financial year end date. All other companies now comprising the Group have adopted September 30, as their financial year end date.

- (i) The statutory financial statements of these subsidiaries for the years ended September 30, 2010 and 2011 were prepared in accordance with Hong Kong Financial Reporting Standards and audited by PricewaterhouseCoopers.
  - (ii) The statutory financial statements of this subsidiary for the years ended September 30, 2010 and 2011 were prepared in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and audited by PricewaterhouseCoopers.
  - (iii) The statutory financial statements of these subsidiaries for the years ended December 31, 2009, 2010 and 2011 were audited by 廣州市增信會計師事務所有限公司 (Guangzhou Zengxin Certified Public Accountants Co., Ltd.). All these audited financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the PRC.
  - (iv) The non-statutory financial statements of these subsidiaries for the years ended September 30, 2010 and 2011 were prepared in accordance with Hong Kong Financial Reporting Standards and audited by PricewaterhouseCoopers.
  - (v) The statutory financial statements of this subsidiary for the period ended June 30, 2010 were audited by Peter Tsang & Co.. These audited financial statements were prepared in accordance with Australian Accounting Standards. No audited financial statements have been prepared for the years ended December 31, 2010, 2011 and 2012 as this subsidiary is eligible for exemption of statutory audit requirement in its jurisdiction.
  - (vi) No audited financial statements were issued for this subsidiary as it is not required under the statutory requirements of its place of incorporation.
  - (vii) No audited financial statements were issued for these subsidiaries as it is the first year of incorporation.
- \* The English names of certain subsidiaries and auditors referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.



### 1.3 Basis of presentation

Prior to and after the Reorganization, the Listing Business has been conducted through PanAsia BVI and its subsidiaries. Pursuant to the Reorganization, PanAsia BVI and the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The transaction is merely a reorganization of the Listing Business and there was no change in management and the controlling shareholder of the Listing Business. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Business under PanAsia BVI for all periods presented. For the purpose of this report, the Financial Information of the Group has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Intercompany transactions, balances and unrealised profits or losses on transactions between group companies are eliminated on combination.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods, unless otherwise stated.

### 2.1 Basis of preparation

For the purposes of this report, the Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") under the historical cost convention, as modified by derivative financial instruments at fair value through profit or loss.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4 of this section.

As at the date of this report, the following standards and amendments to existing standards have been published by the HKICPA but are not yet effective during the Relevant Periods and have not been early adopted by the Group.

HKFRS 9, "Financial instruments" (effective for annual periods beginning on or after January 1, 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. Financial assets are required to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date of HKFRS 9 was deferred from January 1, 2013 to January 1, 2015 with earlier adoption still permitted. The deferral will make it possible for outstanding parts of the standard to have the same mandatory effective date. The amendment modifies the relief from restating prior periods. As part of this modification, an amendment to HKFRS 7, "Financial instruments: Disclosures" has also been published that requires additional disclosures on transition from HKAS 39 to HKFRS 9. Consequently, under the new transitional rules, the Group needs not restate prior period comparatives but will have to give the new transitional disclosures.

HKFRS 10, “Consolidated financial statements” and the consequential amendments to HKAS 27 “Consolidated and separate financial statements” (effective for annual periods beginning on or after January 1, 2013). It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments), “Investment Entities” (effective for annual periods beginning on or after January 2014). They apply to a particular class of business that qualify as investment entities as defined in the amendments. The Investment Entities amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

HKFRS 11, “Joint Arrangements” and the consequential amendment to HKAS 28 “Investments in Associates” (effective for annual periods beginning on or after January 1, 2013). It refines that joint arrangements are limited to joint operations and joint ventures only. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today.

HKFRS 12, “Disclosures of interests in other entities” (effective for annual periods beginning on or after January 1, 2013). It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13, “Fair value measurement” (effective for annual periods beginning on or after January 1, 2013). It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

HKAS 1 (Amendment), “Presentation of financial statements” (effective for annual periods beginning on or after July 1, 2012). The amendment changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to “statement of profit or loss and other comprehensive income”. However HKAS 1 still permits entities to use other titles.

HKAS 12 (Amendment), “Income taxes” (effective for annual periods beginning on or after January 1, 2012). The amendment introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale.

HKAS 19 (2011), “Employee benefits” (effective for annual periods beginning on or after January 1, 2013). The amendment eliminates the use of the “corridor approach” from HKAS 19, enhances disclosures and modifies accounting for termination benefits.

HKAS 27 (2011), "Separate Financial Statements" (effective for annual periods beginning on or after January 1, 2013). HKAS 27 was amended in May 2011 following the issuance of HKFRS 10. The revised HKAS 27 deals only with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company.

HKAS 28 (2011), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after January 1, 2013). The revised HKAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

HKAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after January 1, 2014). The amendment addresses offsetting of financial assets and financial liabilities. That is not relevant for the Group in its current operations.

HK(IFRIC)-Int 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after January 1, 2013). The interpretation is not relevant to the Group in its current operations.

The Group does not plan to early adopt any of these standards. The Group is currently assessing the impact of the adoption of the above new standards and amendments, but not yet in a position to state whether they would have a significant impact to the Group's results of operations and its financial position, except as stated above.

## 2.2 Consolidation and combination

### (a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the combined statements of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealized gains and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (the "Board") that makes strategic decisions.

### 2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The Financial Information is presented in Hong Kong Dollar, which is the Company's functional and the Company's and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the combined statements of comprehensive income within "other gains/(losses) – net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the

cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

On combination, exchange differences arising from the translation of the net investment in foreign operations are taken to the other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences accumulated in equity are recognized in profit and loss as part of the gain or loss on sale.

**2.5 Land use rights**

Land use rights are stated at cost less accumulated amortization and impairment losses. Cost mainly represents consideration paid for the rights to use the land from the date the respective rights were granted. Amortization of land use rights is calculated on a straight-line basis over the period of the rights, i.e. 50 years.

**2.6 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the combined statements of comprehensive income during the Relevant Periods in which they are incurred.

Depreciation of property, plant and equipment is calculated using straight-line method to allocate their costs, less their estimated residual value, if any, over their estimated useful lives, as follows:

Buildings . . . . .	20 years
Plant and machinery . . . . .	5 - 10 years
Office equipment . . . . .	3 - 5 years
Furniture and fixtures . . . . .	5 years
Motor vehicles . . . . .	4 - 10 years

Construction-in-progress, which includes direct expenditures for construction of buildings, is stated at cost. Capitalized costs include costs incurred during the construction phase which directly relates to the asset under construction. Once all the activities necessary to prepare an asset to be available for its intended use are substantially completed, the construction-in-progress is transferred to property, plant and equipment. No depreciation is provided in respect of construction-in-progress.

The assets’ useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the combined statements of comprehensive income.

**2.7 Impairment of investment in a subsidiary and non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not

be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from that subsidiary if the dividend exceeds the total comprehensive income of the subsidiary concerned in the period the dividend is declared or if the carrying amount of the subsidiary in the Company's balance sheet exceeds the carrying amount of the subsidiary's net assets including goodwill in the combined balance sheets.

## 2.8 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. In this category, the Group has only some derivatives (Note 2.10).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way of purchases and sales of financial assets are recognized on trade-date, that is the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the combined statements of comprehensive income within "other gains/(losses) — net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the combined statements of comprehensive income as part of other income when the Group's right to receive payments is established.

## 2.9 Impairment of financial assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment

as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the combined statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversal of the previously recognized impairment loss is recognized in combined statements of comprehensive income.

### **2.10 Derivative financial instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group’s derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognized immediately in the combined statements of comprehensive income within “other gains/(losses) – net”.

### **2.11 Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

### **2.12 Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account and the loss is recognized in the combined statements of comprehensive income within “administrative expenses”. When a receivable is uncollectible, it is written off against the provision account for receivables. Subsequent recoveries of amounts previously written off are credited against “administrative expenses” in the combined statements of comprehensive income.

**2.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, excluding pledged deposits.

**2.14 Share capital**

Ordinary shares are classified as equity.

Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

**2.15 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the combined statements of comprehensive income within "finance costs" over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**2.16 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**2.17 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**2.18 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.



Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit for the period, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognized as follows:

- (a) sales of goods (including moulds and samples) are recognized on the transfer of risks and rewards of ownership of the products, which generally coincides with the time when the goods are delivered to customers and the title is passed.
- (b) income from processing services is recognized when the services are rendered.

- (c) interest income is recognized on a time-proportion basis using the effective interest method.
- (d) dividend income is recognized when the right to receive payment is established.

### 2.21 Employee benefits

#### (a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

#### (b) Pension obligations

The Group participates in defined contribution schemes which are available to eligible employees, the assets of which are held in separate trustee administered funds. The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The Group has no further obligation once the contributions have been paid.

The Group also participates in the employee social security plan (the "Plan") as required by the regulations in the PRC. The Group is required to make welfare contributions to the Plan which is based on a certain percentage of the employees' relevant income.

### 2.22 Leases

#### (a) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss for the period on a straight-line basis over the period of the lease.

#### (b) Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### 2.23 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The income approach is

adopted to recognize government grants. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Where a government grant becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, it is recognized as income in the period in which it becomes receivable. Government grants are recognized within "other income" in the combined statements of comprehensive income.

## 2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's Financial Information in the period in which the dividends are approved by the Company's shareholders.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group is not exposed to material equity price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group's management regularly monitors the exposures and implements timely and effective policies to mitigate potential risks. Risk management is carried out by the group treasury department under policies approved by the board of directors. Financial risks are identified and evaluated in different units with close cooperation with the group treasury. Based on the policies, the Group can use also derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) *Foreign exchange risk*

The Group mainly operates in Hong Kong, Macao and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"), Chinese Renminbi ("RMB"), and Australian Dollar ("AUD"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. The Group's exposure to different currencies is disclosed in relevant notes.

For companies with HK\$ as their functional currency

As HK\$ is pegged to USD, the directors consider the foreign exchange risk exposure with respect to USD is not significant for the group companies which have HK\$ as functional currency.

As of September 30, 2011 and 2012, if AUD had weakened/strengthened by 10% against HK\$ with all other variables held constant, post-tax profit for the years would have been approximately HK\$99,000 and HK\$173,000 lower/higher respectively, mainly as a result of net foreign exchange losses/gains on translation of AUD denominated cash and bank deposits, other receivables, derivative financial instruments as well as the current account with group companies. As of September 30, 2010, if AUD had weakened/strengthened by

10% against HK\$ with all other variables held constant, post-tax profit for the year would have been approximately HK\$22,558,000/HK\$36,693,000 higher/lower, mainly as a result of net foreign exchange gains/losses on derivative financial instruments, as well as translation of AUD denominated cash and bank deposits and other receivables.

As at September 30, 2010, 2011 and 2012, there are no significant assets and liabilities denominated in RMB, and hence there is no significant foreign currency risk with respect to RMB to group companies which have HK\$ as functional currency.

For companies with RMB as their functional currency

As at September 30, 2010, 2011 and 2012, if USD had weakened/strengthened by 10% against RMB with all other variables held constant, post-tax profit for the years would have been HK\$1,708,000, HK\$7,340,000 and HK\$17,337,000 lower/higher respectively, mainly as a result of net foreign exchange losses/gains on translation of USD-denominated receivables.

As at September 30, 2010, 2011 and 2012, there are no significant assets and liabilities denominated in HK\$/AUD, and hence there is no significant foreign currency risk with respect to HK\$/AUD to group companies which have RMB as functional currency.

For companies with USD as their functional currency

As at September 30, 2010, 2011 and 2012, if AUD had weakened/strengthened by 10% against USD with all other variables held constant, post-tax profit for the years would have been HK\$21,039,000, HK\$27,725,000 and HK\$33,191,000 lower/higher respectively, mainly as a result of the foreign exchange losses/gains on translation of AUD-denominated receivables which are partially offset by the fair value gains/losses on foreign exchange forward contracts.

As at September 30, 2010, 2011 and 2012, there are no significant assets and liabilities denominated in HK\$/RMB, and hence there is no significant foreign currency risk with respect to HK\$/RMB to group companies which have USD as functional currency.

(ii) *Commodity price risk*

The Group is exposed to commodity price risk because aluminum ingots are the major raw materials of the Group's products. Management considers the fluctuations on the commodity price of aluminum does not have a significant impact on the Group's earnings and cash flows as the pricing to customers are referenced to market prices.

(iii) *Interest rate risk*

The Group's interest-rate risk arises from variable rate pledged bank deposits, cash and cash equivalents and borrowings. Borrowings issued at floating rate expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow interest rate risk. The Group does not have any significant assets or liabilities which would expose it to fair value interest rate risk.

As at September 30, 2010, 2011 and 2012, if interest rates on variable rate pledged bank deposits, cash and cash equivalents and borrowings had been 25 basis points higher/lower with all other variables held constant, post-tax profit for the years would have been HK\$312,000, HK\$459,000 and HK\$1,094,000 lower/higher respectively, mainly as a result of higher/lower interest expense on variable rate borrowings.

## (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For credit risk in respect of cash and cash equivalents with banks, the Group manages this risk by placing cash and cash equivalents and deposits with major local banks and state-owned banks in the PRC with good credit standing. For credit risk in respect of trade receivables from customers, the Group has policies in place to ensure that sales are made to reputable and credit-worthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. For each individually significant trade receivable, the assessment is made on an individual basis.

The credit risk is characterized by having high concentration of business with long-term reputable customers. The Group's two largest trade debtors accounted for 71%, 84% and 94% of its total trade receivables as at September 30, 2010, 2011 and 2012, respectively. As at September 30, 2010, 2011 and 2012, one of these two largest trade debtors is the subsidiaries that the Group disposed of in May 2009 and December 2009 (Note 28(b)). The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Management believes that the credit risk related to these customers is not significant. Settlements from these two customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified and follow-up action is taken to recover the overdue debts.

## (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of an adequate amount of credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility (Note 16) and cash and cash equivalents (Note 14)) on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining years at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months or are repayable on demand equal their carrying balances, as the impact of discounting is not significant.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At September 30, 2010</b>				
Term loans	73,478	—	—	73,478
Other bank loans	205,930	—	—	205,930
Trade and other payables	93,913	—	—	93,913
Obligations under finance leases	4,053	1,463	542	6,058
Interest payments on term loans	5,433	—	—	5,433
Interest payments on other bank loans	5,861	—	—	5,861
Derivative financial instruments	21,830	—	—	21,830
Due to a director	8,486	—	—	8,486
Dividend payable	836	—	—	836
<b>At September 30, 2011</b>				
Term loans	66,209	—	—	66,209
Other bank loans	248,242	—	—	248,242
Trade and other payables	148,096	—	—	148,096
Obligations under finance leases	1,533	414	—	1,947
Interest payments on term loans	3,634	—	—	3,634
Interest payments on other bank loans	8,991	—	—	8,991
<b>At September 30, 2012</b>				
Term loans	198,214	—	—	198,214
Other bank loans	403,870	—	—	403,870
Trade and other payables	251,106	—	—	251,106
Obligations under finance leases	409	—	—	409
Interest payments on term loans	14,628	—	—	14,628
Interest payments on other bank loans	22,580	—	—	22,580

The following table summarizes the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 1 year <u>HK\$'000</u>	Between 1 and 2 years <u>HK\$'000</u>	Between 2 and 5 years <u>HK\$'000</u>	Total <u>HK\$'000</u>
<b>At September 30, 2010</b>				
Term loans subject to a repayment on demand clause . . . . .	23,527	41,551	8,400	73,478
Interest payments on term loans subject to a repayment on demand clause . . . . .	<u>3,513</u>	<u>1,661</u>	<u>259</u>	<u>5,433</u>
<b>At September 30, 2011</b>				
Term loans subject to a repayment on demand clause . . . . .	50,100	14,567	1,542	66,209
Interest payments on term loans subject to a repayment on demand clause . . . . .	<u>2,981</u>	<u>639</u>	<u>14</u>	<u>3,634</u>
<b>At September 30, 2012</b>				
Term loans subject to a repayment on demand clause . . . . .	59,247	54,378	84,589	198,214
Interest payments on term loans subject to a repayment on demand clause . . . . .	<u>9,560</u>	<u>6,338</u>	<u>93,395</u>	<u>109,293</u>

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and obligations under finance leases as shown in the combined balance sheets) less cash and cash equivalents and pledged bank deposits. Total capital is calculated as "equity", as shown in the combined balance sheets, plus net debt. The net debt to equity ratio increased during the year ended September 30, 2012 because of the increase in borrowings of HK\$286 million.

The capital structure of the Group as at September 30, 2010, 2011 and 2012 was as follows:

	<u>As at September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Total borrowings (Notes 16 and 17) . . . . .	285,186	316,326	602,493
Less: Cash and cash equivalents and pledged bank deposits (Note 14) . . . . .	<u>(161,453)</u>	<u>(132,883)</u>	<u>(164,834)</u>
Net debt . . . . .	123,733	183,443	437,659
Total equity . . . . .	<u>438,439</u>	<u>638,380</u>	<u>735,955</u>
Total capital . . . . .	562,172	821,823	1,173,614
Net gearing ratio . . . . .	22.0%	22.3%	37.3%

### 3.3 Fair value estimation

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 — Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at September 30, 2010, 2011 and 2012.

#### At September 30, 2010

<u>Group</u>	<u>Level 1</u> <u>HK\$'000</u>	<u>Level 2</u> <u>HK\$'000</u>	<u>Level 3</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
<b>Assets</b>				
Equity-index embedded derivatives .....	—	544	—	544
<b>Liabilities</b>				
Foreign exchange forward contracts .....	—	(21,830)	—	(21,830)

#### At September 30, 2011

<u>Group</u>	<u>Level 1</u> <u>HK\$'000</u>	<u>Level 2</u> <u>HK\$'000</u>	<u>Level 3</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
<b>Assets</b>				
Equity-index embedded derivatives .....	—	343	—	343

#### At September 30, 2012

<u>Group</u>	<u>Level 1</u> <u>HK\$'000</u>	<u>Level 2</u> <u>HK\$'000</u>	<u>Level 3</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
<b>Assets</b>				
Equity-index embedded derivatives .....	—	474	—	474
<b>Liabilities</b>				
Foreign exchange forward contracts .....	—	(340)	—	(340)

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturity.

## 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions



that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provision in the period in which such determination is made.

(b) Provision for impairment of receivables

Management determines the provision for impairment of trade receivables. This amount of impairment is based on the credit history of its customers and the current market condition. Management reassesses the provision at each reporting date.

Significant judgment is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgment, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

Carrying amount and impairment of trade receivables are disclosed in Note 12.

(c) Fair value of derivatives

The fair value of derivatives is determined by using valuation techniques. The Group uses its judgment to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the end of the reporting period. Changes in assumptions can materially affect the fair value estimate of the financial instruments. Information on the fair values of derivative financial instruments is disclosed in Note 3.3.

(d) Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment. The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment.

## 5 Segment information

The chief operating decision-maker has been identified as the Board. 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 a product perspective. The Board regularly reviews the combined financial information from a product perspective 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 Board supplementary reviews the sales and gross profit from external customers based on their geographical locations.

The Group derives its revenue from three product segments, namely 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 (Canada and the United States), Hong Kong and others.

The description of each reportable product segment is as follows:

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

The segment information for the operating segments for the year ended September 30, 2010 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 .....	119,808	129,397	1,117,739	1,366,944
Cost of sales .....	(110,530)	(97,127)	(867,421)	(1,075,078)
Segment gross profit .....	9,278	32,270	250,318	291,866
Unallocated operating costs .....				(195,650)
Other income .....				7,023
Other gains — net .....				5,672
Finance costs — net .....				(13,985)
Profit before income tax .....				94,926

The segment information for the operating segments for the year ended September 30, 2011 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 .....	791,519	182,705	1,116,351	2,090,575
Cost of sales .....	(608,557)	(139,008)	(838,332)	(1,585,897)
Segment gross profit .....	182,962	43,697	278,019	504,678
Unallocated operating costs .....				(171,567)
Other income .....				7,815
Other losses — net .....				(45,240)
Finance costs — net .....				(21,336)
Profit before income tax .....				274,350

The segment information for the operating segments for the year ended September 30, 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 Relevant Periods consists of the following:

	For the year ended September 30, 2010					
	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 .....	501,461	679,148	119,577	55,668	11,090	1,366,944
Cost of sales .....	(444,365)	(477,063)	(102,439)	(40,465)	(10,746)	(1,075,078)
Gross profit .....	57,096	202,085	17,138	15,203	344	291,866
	For the year ended September 30, 2011					
	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 .....	1,174,709	732,679	53,439	96,576	33,172	2,090,575
Cost of sales .....	(935,804)	(498,184)	(46,432)	(74,452)	(31,025)	(1,585,897)
Gross profit .....	238,905	234,495	7,007	22,124	2,147	504,678
	For the year ended September 30, 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:

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Customer A .....	Note	786,163	1,113,037
Customer B .....	382,965	593,044	608,735

Note: Less than 10%.

The geographical location of non-current assets other than financial instruments and deferred tax assets 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 and deferred tax assets located in respective geographical locations are as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
The PRC .....	148,790	199,327	417,336
Hong Kong .....	4,623	2,541	3,375
Other countries .....	127	159	85
	<u>153,540</u>	<u>202,027</u>	<u>420,796</u>

## 6 Property, plant and equipment

	Buildings	Plant and machinery	Office equipment	Furniture and fixtures	Motor vehicles	Construction-in-progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended September 30, 2010							
Opening net book amount	30,467	106,187	3,775	1,015	4,376	4,714	150,534
Exchange differences	6	—	14	16	16	—	52
Additions	—	11,320	1,185	—	898	1,486	14,889
Transfers	—	5,514	—	—	—	(5,514)	—
Disposals	—	(286)	(6)	—	—	—	(292)
Disposal of subsidiaries (Note 28(b))	(266)	—	(493)	(775)	(529)	—	(2,063)
Depreciation (Note 19)	(1,646)	(17,715)	(1,348)	(158)	(1,121)	—	(21,988)
Closing net book amount	<u>28,561</u>	<u>105,020</u>	<u>3,127</u>	<u>98</u>	<u>3,640</u>	<u>686</u>	<u>141,132</u>
At September 30, 2010							
Cost	38,690	250,044	7,527	722	7,064	686	304,733
Accumulated depreciation	(10,129)	(145,024)	(4,400)	(624)	(3,424)	—	(163,601)
Net book amount	<u>28,561</u>	<u>105,020</u>	<u>3,127</u>	<u>98</u>	<u>3,640</u>	<u>686</u>	<u>141,132</u>
Year ended September 30, 2011							
Opening net book amount	28,561	105,020	3,127	98	3,640	686	141,132
Exchange differences	2,052	7,511	137	—	166	60	9,926
Additions	—	69,368	855	—	2,034	1,968	74,225
Transfers	—	1,682	—	—	—	(1,682)	—
Disposals	—	(15,771)	—	—	—	—	(15,771)
Depreciation (Note 19)	(2,586)	(22,057)	(1,334)	(55)	(1,255)	—	(27,287)
Closing net book amount	<u>28,027</u>	<u>145,753</u>	<u>2,785</u>	<u>43</u>	<u>4,585</u>	<u>1,032</u>	<u>182,225</u>
At September 30, 2011							
Cost	41,587	286,998	8,814	722	9,406	1,032	348,559
Accumulated depreciation	(13,560)	(141,245)	(6,029)	(679)	(4,821)	—	(166,334)
Net book amount	<u>28,027</u>	<u>145,753</u>	<u>2,785</u>	<u>43</u>	<u>4,585</u>	<u>1,032</u>	<u>182,225</u>
Year ended September 30, 2012							
Opening net book amount	28,027	145,753	2,785	43	4,585	1,032	182,225
Exchange differences	193	26	5	(2)	13	—	235
Additions	3,388	247,156	7,103	612	3,948	7,259	269,466
Transfers	—	5,952	—	—	—	(5,952)	—
Disposals	—	(1,892)	(391)	—	(263)	—	(2,546)
Depreciation (Note 19)	(2,481)	(43,788)	(1,811)	(68)	(1,595)	—	(49,743)
Closing net book amount	<u>29,127</u>	<u>353,207</u>	<u>7,691</u>	<u>585</u>	<u>6,688</u>	<u>2,339</u>	<u>399,637</u>
At September 30, 2012							
Cost	45,254	516,263	15,547	1,332	12,533	2,339	593,268
Accumulated depreciation	(16,127)	(163,056)	(7,856)	(747)	(5,845)	—	(193,631)
Net book amount	<u>29,127</u>	<u>353,207</u>	<u>7,691</u>	<u>585</u>	<u>6,688</u>	<u>2,339</u>	<u>399,637</u>

As at September 30, 2010, 2011 and 2012, the net book value of buildings pledged as securities for the Group's banking facilities was HK\$28,561,000, HK\$28,027,000 and HK\$29,127,000 respectively (Note 16).

As at September 30, 2010, 2011 and 2012, the net book value of plant and machinery and motor vehicles held by the Group under finance leases was HK\$10,345,000, HK\$3,010,000 and HK\$2,091,000 respectively.

Depreciation expense of the Group's property, plant and equipment has been charged to the combined statements of comprehensive income as follows:

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Cost of sales .....	18,101	23,726	46,545
Administrative expenses .....	3,887	3,561	3,198
	<u>21,988</u>	<u>27,287</u>	<u>49,743</u>

All buildings are located in the PRC.

## 7 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analyzed as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
The PRC, held on leases of between 10 to 50 years .....	<u>9,170</u>	<u>9,572</u>	<u>9,356</u>

As at September 30, 2010, 2011 and 2012, land use rights with net book value of HK\$9,170,000, HK\$9,572,000 and HK\$9,356,000 were pledged as securities for the Group's bank borrowings (Note 16).

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Opening net book amount .....	9,431	9,170	9,572
Amortization for the year .....	(261)	(285)	(292)
Exchange differences .....	—	687	76
Closing net book amount .....	<u>9,170</u>	<u>9,572</u>	<u>9,356</u>

Amortization expense has been charged to "administrative expenses" in the combined statements of comprehensive income.

## 8 Financial instruments by category

	Loans and receivables	Financial assets at fair value through profit or loss	Total
	HK\$'000	HK\$'000	HK\$'000
<b>Assets as per combined balance sheets</b>			
<u>September 30, 2010</u>			
Trade receivables (Note 12) .....	359,248	—	359,248
Other receivables .....	546	—	546
Due from related companies (Note 10) .....	6,505	—	6,505
Capital guaranteed fund and derivative financial instruments (Notes 9 and 13) .....	4,412	544	4,956
Pledged bank deposits (Note 14) .....	21,963	—	21,963
Cash and cash equivalents (Note 14) .....	<u>139,490</u>	<u>—</u>	<u>139,490</u>
Total .....	<u>532,164</u>	<u>544</u>	<u>532,708</u>
<u>September 30, 2011</u>			
Trade receivables (Note 12) .....	522,794	—	522,794
Other receivables .....	24,290	—	24,290
Due from related companies (Note 10) .....	4,708	—	4,708
Capital guaranteed fund and derivative financial instruments (Notes 9 and 13) .....	4,446	343	4,789
Pledged bank deposits (Note 14) .....	21,531	—	21,531
Cash and cash equivalents (Note 14) .....	<u>111,352</u>	<u>—</u>	<u>111,352</u>
Total .....	<u>689,121</u>	<u>343</u>	<u>689,464</u>
<u>September 30, 2012</u>			
Trade receivables (Note 12) .....	813,637	—	813,637
Other receivables .....	19,314	—	19,314
Due from related companies (Note 10) .....	7,938	—	7,938
Capital guaranteed fund and derivative financial instruments (Notes 9 and 13) .....	4,482	474	4,956
Pledged bank deposits (Note 14) .....	21,531	—	21,531
Cash and cash equivalents (Note 14) .....	<u>143,303</u>	<u>—</u>	<u>143,303</u>
Total .....	<u>1,010,205</u>	<u>474</u>	<u>1,010,679</u>

	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
	HK\$'000	HK\$'000	HK\$'000
<b>Liabilities as per combined balance sheets</b>			
<u>September 30, 2010</u>			
Trade payables (Note 18) .....	—	17,248	17,248
Other payables and accrued charges (Note 18) .....	—	76,665	76,665
Due to a director (Note 10) .....	—	8,486	8,486
Derivative financial instruments (Note 13) .....	21,830	—	21,830
Borrowings (Note 16) .....	—	279,408	279,408
Obligations under finance leases (Note 17) .....	—	5,778	5,778
Dividend payable .....	—	836	836
Total .....	<u>21,830</u>	<u>388,421</u>	<u>410,251</u>
<u>September 30, 2011</u>			
Trade payables (Note 18) .....	—	36,361	36,361
Other payables and accrued charges (Note 18) .....	—	111,735	111,735
Borrowings (Note 16) .....	—	314,451	314,451
Obligations under finance leases (Note 17) .....	—	1,875	1,875
Total .....	<u>—</u>	<u>464,422</u>	<u>464,422</u>
<u>September 30, 2012</u>			
Trade payables (Note 18) .....	—	105,067	105,067
Other payables and accrued charges (Note 18) .....	—	146,039	146,039
Borrowings (Note 16) .....	—	602,084	602,084
Obligations under finance leases (Note 17) .....	—	409	409
Derivative financial instruments (Note 13) .....	340	—	340
Dividend payable .....	—	86,000	86,000
Total .....	<u>340</u>	<u>939,599</u>	<u>939,939</u>

## 9 Capital guaranteed fund

The Group's investment in capital guaranteed fund offers the Group a fixed guaranteed capital and a variable return depending on the performance index of Hong Kong listed equity securities of the fund.

The carrying value of capital guaranteed fund is stated at amortized cost and is denominated in USD. As at September 30, 2010, 2011 and 2012, the fund matures on December 11, 2013. For accounting purpose, the capital guaranteed fund is split into a loan and receivable component and a derivative component (Note 13).

## 10 Due from/(to) related companies and a director

The amounts due are unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair values.



**11 Inventories**

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Raw materials . . . . .	55,470	57,498	96,906
Work-in-progress . . . . .	44,590	49,938	50,996
Finished goods . . . . .	32,199	80,059	60,381
Total inventories . . . . .	<u>132,259</u>	<u>187,495</u>	<u>208,283</u>

The cost of inventories recognized as an expense and included in "cost of sales" amounted to HK\$1,053,148,000, HK\$1,537,065,000, and HK\$1,791,608,000 for the years ended September 30, 2010, 2011 and 2012 respectively.

**12 Trade receivables, prepayments, deposits and other receivables**

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Trade receivables . . . . .	366,520	522,900	813,637
Less: provision for impairment of receivables . . . . .	(7,272)	(106)	—
Trade receivables — net . . . . .	<u>359,248</u>	<u>522,794</u>	<u>813,637</u>

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 90 days.

As at September 30, 2010, 2011 and 2012, the ageing analysis of the trade receivables based on due date was as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Current . . . . .	210,033	298,019	566,812
1 - 30 days . . . . .	55,394	114,073	75,569
31 - 60 days . . . . .	52,886	46,251	31,502
61 - 90 days . . . . .	28,206	38,609	47,912
91 - 180 days . . . . .	14,477	25,172	83,344
181 days - 1 year . . . . .	5,218	776	8,498
Over 1 year . . . . .	306	—	—
	366,520	522,900	813,637
Less: provision for impairment of receivables . . . . .	(7,272)	(106)	—
	<u>359,248</u>	<u>522,794</u>	<u>813,637</u>

As at September 30, 2010, 2011 and 2012, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
1 - 30 days .....	133,657	145,006	242,850
31 - 60 days .....	69,659	157,296	211,830
61 - 90 days .....	34,074	67,800	134,696
91 - 180 days .....	114,166	132,274	133,624
181 days - 1 year .....	7,692	20,418	90,637
Over 1 year .....	—	—	—
Trade receivables — net .....	<u>359,248</u>	<u>522,794</u>	<u>813,637</u>

As at September 30, 2010, 2011 and 2012, receivables of HK\$210,033,000, HK\$298,019,000 and HK\$566,812,000 were neither past due nor impaired. These receivables relate to customers for whom there is no recent history of default.

As at September 30, 2010, 2011 and 2012, trade receivables of HK\$149,215,000, HK\$224,775,000 and HK\$246,825,000 were past due but not impaired. These relate to a number of independent customers that have a good track record of payment with the Group. An impairment provision of HK\$7,272,000 and HK\$106,000 was made as at September 30, 2010, 2011 respectively. No impairment provision was made as at September 30, 2012. The individually impaired receivables mainly relate to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK\$40,549,000, HK\$22,962,000 and HK\$212,523,000 to bank in exchange for cash as at September 30, 2010, 2011 and 2012 respectively. The transactions have been accounted for as collateralised borrowings (Note 16).

On January 20, 2010, the Group entered into deeds of debentures (the “Debentures”) with certain customers in Australia (the “Customers”) under which the Customers agreed to pledge certain assets, including but not limited to properties and receivables, to the Group as a security for the payment of purchases from the Group.

In July 2010, the Customers wrote to the Group requesting the release of the Debentures on the ground that the trade receivables on the date of the execution of the Debentures had been repaid in July 2010. The Group has confirmed to the Customers on the settlement of the trade receivables and that the Debentures should be considered released as of July 2010.

All trade receivables were non-interest-bearing except for the overdue trade receivables of HK\$68,240,000 and HK\$101,737,000 as at September 30, 2010 and 2011, respectively, which carried interest at the Indicator Lending Rate of Reserve Bank of Australia. All trade receivables were non-interest-bearing as at September 30, 2012. The Group has agreed not to charge interest of HK\$4,685,000 and HK\$3,848,000 on certain overdue trade receivables for the period from January 1, 2011 to September 30, 2011 and for the period from October 1, 2011 to September 30, 2012 respectively.

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

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
AUD .....	266,893	292,370	366,703
RMB .....	60,156	66,014	176,513
USD .....	26,691	131,852	262,182
HK\$ .....	5,508	32,558	8,239
	<u>359,248</u>	<u>522,794</u>	<u>813,637</u>

The movements in the provision for impairment of receivables are as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
<b>At beginning of the year</b> .....	4,146	7,272	106
Provision for impairment of receivables (Note 19) .....	7,272	106	—
Receivables written off as uncollectible .....	(4,146)	(1,491)	(106)
Provision written back (Note 19) .....	—	(5,781)	—
<b>At end of the year</b> .....	<u>7,272</u>	<u>106</u>	<u>—</u>

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the combined statements of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

As at September 30, 2010, 2011 and 2012, breakdown of prepayments, deposits and other receivables was as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Prepayment to suppliers for purchases of materials .....	61,899	61,154	85,761
Others .....	3,107	28,071	26,935
	<u>65,006</u>	<u>89,225</u>	<u>112,696</u>

### 13 Derivative financial instruments

#### Assets

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Non-current portion			
Equity-index embedded derivative (Note a) .....	<u>544</u>	<u>343</u>	<u>474</u>

#### Liabilities

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Current portion			
Foreign exchange forward contracts — held for trading (Note b) . . . .	<u>(21,830)</u>	<u>—</u>	<u>(340)</u>

## (a) Equity-index embedded derivative

The fair value of derivative is classified as a current or non-current asset in accordance with the remaining maturity of the capital guaranteed fund (Note 9).

For the years ended September 30, 2010, 2011 and 2012, a fair value gain of HK\$422,000, a loss of HK\$201,000 and a gain of HK\$131,000 was recognized as "other gains/(losses) — net" in the combined statements of comprehensive income respectively.

## (b) Foreign exchange forward contracts

Trading derivatives are classified as current assets or current liabilities. The foreign exchange forward contracts were to sell AUD and buy USD or HK\$ and the notional principal amounts of the outstanding foreign exchange forward contracts as at September 30, 2010 and 2012 were AUD60,000,000 and AUD13,000,000 respectively. There were no outstanding foreign exchange forward contracts as at September 30, 2011. For the years ended September 30, 2010, 2011 and 2012, a loss of HK\$19,292,000, HK\$22,682,000, and HK\$476,000 due to the change in fair value during the years was recognized as "other gains/(losses) — net" in the combined statements of comprehensive income respectively.

**14 Cash and cash equivalents and pledged bank deposits**

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Cash in hand	190	349	2,251
Cash at bank	139,300	111,003	141,052
Cash and cash equivalents	139,490	111,352	143,303
Pledged bank deposits — Current	21,963	21,531	21,531
	<u>161,453</u>	<u>132,883</u>	<u>164,834</u>
Maximum exposure to credit risk	<u>161,263</u>	<u>132,534</u>	<u>162,583</u>

As at September 30, 2010, 2011 and 2012, bank deposits pledged as securities for the Group's banking facilities (Note 16) amounted to HK\$21,963,000, HK\$21,531,000 and HK\$21,531,000 respectively.

As at September 30, 2010, 2011 and 2012, the effective interest rate on short-term bank deposits was 0.69%, 0.64% and 0.81% per annum respectively. These deposits have an average maturity of 77 days, 30 days and 30 days respectively.

The cash at bank and in hand and bank deposits are denominated in the following currencies:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
HK\$	103,227	81,526	62,926
AUD	6,451	8,455	4,605
RMB	24,799	26,970	38,652
USD	26,952	15,309	58,630
Canadian dollars	7	600	3
Macau patacas	17	23	18
	<u>161,453</u>	<u>132,883</u>	<u>164,834</u>

**15 Combined capital and issued share capital of the Company*****Combined capital***

Combined capital during the Relevant Periods represented the combined share capital of the companies now comprising the Group after elimination of inter-company investments.

***Issued share capital***

The Company was incorporated in the Cayman Islands on October 7, 2005 with an authorized share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each. On the same date, the Company issued and allotted 1 share to the Controlling Shareholder.

**16 Borrowings**

	<b>As at September 30,</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Current			
Collateralised borrowings (Note 12) .....	40,549	22,962	176,581
Trust receipt loans .....	6,289	5,419	5,886
Term loans .....	<u>232,570</u>	<u>286,070</u>	<u>419,617</u>
	<u>279,408</u>	<u>314,451</u>	<u>602,084</u>

As at September 30, 2010, 2011 and 2012, the effective interest rate of the borrowings was 5.5%, 7.24% and 5.59% per annum respectively.

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortized cost. None of the portion of term loans due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

As at September 30, 2010, 2011 and 2012, the scheduled repayment dates of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clause, were as follows:

	<b>As at September 30,</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 year .....	229,457	298,342	463,117
Between 1 and 2 years .....	41,551	14,567	54,378
Between 2 and 5 years .....	8,400	1,542	84,589
	<u>279,408</u>	<u>314,451</u>	<u>602,084</u>

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	<b>As at September 30,</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
6 months or less .....	<u>279,408</u>	<u>314,451</u>	<u>602,084</u>

The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

The carrying amounts of the borrowings are denominated in the following currencies:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
RMB .....	204,546	254,061	221,403
HK\$ .....	29,346	32,009	202,193
USD .....	4,967	5,419	145,677
AUD .....	40,549	22,962	32,811
	<u>279,408</u>	<u>314,451</u>	<u>602,084</u>

The Group has the following undrawn borrowing facilities:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Floating rate			
— expiring within one year .....	<u>156,884</u>	<u>229,642</u>	<u>142,441</u>

The facilities expiring within one year are annual facilities subject to review at various dates during the Relevant Periods.

During the Relevant Periods, the Group's banking facilities were secured by the following:

- (i) Pledge of all assets of the companies now comprising the Group with a bank as a continuing security for banking facilities granted to the companies now comprising the Group;
- (ii) Pledge of the Group's bank deposits of HK\$21,963,000, HK\$21,531,000 and HK\$21,531,000 as at September 30, 2010, 2011 and 2012 respectively and the Group's capital guaranteed fund and derivative financial instruments of HK\$4,956,000, HK\$4,789,000 and HK\$4,956,000 as at the same dates respectively;
- (iii) Pledge of the Group's land use rights and buildings with total net book value of HK\$37,731,000, HK\$37,599,000 and HK\$38,483,000 as at September 30, 2010, 2011 and 2012 respectively;
- (iv) Personal life insurance policies with insured sum of approximately HK\$153,400,000, HK\$140,400,000 and HK\$140,400,000 covering Mr. Marcus Pan, a director, as at September 30, 2010, 2011 and 2012 respectively. The security over some of such personal life insurance policies covering Mr. Marcus Pan, with insured sum of HK\$60,840,000, is to be released before listing of the Company;
- (v) A personal guarantee granted by Mr. Marcus Pan, a director, to the extent of HK\$580,000,000, HK\$795,000,000 and HK\$945,200,000 as at September 30, 2010, 2011 and 2012 respectively. The said guarantee given by Mr. Marcus Pan is to be released and replaced by guarantees of the Company before listing of the Company; and
- (vi) Legally notarized *livranca* (i.e. a promissory note) for HK\$180 million, HK\$270 million and HK\$345 million signed by a subsidiary of the Group, OPAL (Macao Commercial Offshore) Limited, together with a letter of authority to insert the maturity date at bank's option as at September 30, 2010, 2011 and 2012 respectively.

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the group companies' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the group companies were to breach the covenants, the drawn down facilities would

become repayable on demand. In addition, the group companies' term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the group companies have complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, which is up to date with the scheduled repayments of the term loans and does not consider it is probable that the bank will exercise its discretion to demand repayment for so long as the group companies continue to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 3. During the Relevant Periods, none of the covenants relating to drawn down facilities had been breached.

### 17 Obligations under finance leases

As at September 30, 2010, 2011 and 2012, the Group's finance lease liabilities were repayable as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within one year . . . . .	4,053	1,533	414
In the second to fifth year . . . . .	2,005	414	—
	6,058	1,947	414
Future finance charges on finance leases . . . . .	(280)	(72)	(5)
Present value of finance lease liabilities . . . . .	<u>5,778</u>	<u>1,875</u>	<u>409</u>

The present value of finance lease liabilities is as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within one year . . . . .	3,846	1,466	409
In the second to fifth year . . . . .	1,932	409	—
	<u>5,778</u>	<u>1,875</u>	<u>409</u>

The carrying amount of the finance lease liabilities approximates their fair values. The Group has leased property, plant and equipment under finance leases with net book value of HK\$10,345,000, HK\$3,010,000 and HK\$2,091,000 as at September 30, 2010, 2011 and 2012 respectively.

## 18 Trade payables, other payables and accrued charges

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Trade payables	17,248	36,361	105,067
Deposits received	28,309	51,003	32,893
Accrued employee benefit expenses	16,383	20,738	23,370
Accrued freight charges	5,114	9,058	9,671
Accrued interest expenses	1,667	3,326	3,355
Accrued utilities expenses	3,995	5,102	7,512
Accrued rental expenses	1,068	1,701	1,713
Accrued audit fee	4,405	3,500	4,555
Provision for sales rebate to customers	2,128	6,290	11,300
VAT payable	6,083	205	477
Payable for purchase of property, plant and equipment	4,885	7,917	33,116
Goods and service tax payable	40	—	—
Other payables and accruals	2,588	2,895	18,077
Other payables and accrued charges	76,665	111,735	146,039
Trade payables, other payables and accrued charges	93,913	148,096	251,106

As at September 30, 2010, 2011 and 2012, the ageing analysis of the trade payables based on invoice date was as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
0 - 30 days	8,956	17,051	75,029
31 - 60 days	4,105	9,865	21,983
61 - 90 days	1,965	3,968	4,961
Over 90 days	2,222	5,477	3,094
	17,248	36,361	105,067

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

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
AUD	1,272	765	1,206
RMB	14,913	33,747	92,013
USD	728	1,536	11,535
HK\$	335	313	313
	17,248	36,361	105,067



## 19 Expenses by nature

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Auditor's remuneration			
— current year	3,229	3,500	3,855
— under-provision for prior years	125	126	—
Operating leases — land and buildings	4,127	1,547	2,622
Changes in inventories of finished goods and work in progress	51,043	(53,208)	18,620
Raw materials and consumables used	904,847	1,469,201	1,545,886
(Gain)/loss on disposal of property, plant and equipment	(33)	14,737	1,761
Employee benefit expenses (Note 20)	97,389	114,641	203,121
Depreciation:			
Owned property, plant and equipment (Note 6)	18,485	25,034	48,823
Leased property, plant and equipment (Note 6)	3,503	2,253	920
Provision for impairment of receivables (Note 12)	7,272	106	—
Write-back of provision for impairment of receivables (Note 12)	—	(5,781)	—
Bad debts written off	4,853	65	15
Transportation expenses	61,970	45,110	56,375
Tariff expenses	10,370	—	—
Amortization of land use rights (Note 7)	261	285	292
Legal and professional fees	5,981	2,758	28,410
Research and development costs	7,179	4,297	6,366
Utilities	35,047	43,141	62,089
Other expenses	55,080	89,652	84,292
Total cost of sales, distribution and selling expenses and administrative expenses	<u>1,270,728</u>	<u>1,757,464</u>	<u>2,063,447</u>

## 20 Employee benefit expenses (including directors' emoluments)

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Wages and salaries	90,780	107,279	192,141
Pension cost — social security costs	2,465	2,497	4,111
Pension cost — defined contribution plans	695	271	571
Other benefits	3,449	4,594	6,298
	<u>97,389</u>	<u>114,641</u>	<u>203,121</u>

**21 Directors' emoluments and five highest paid individuals**

## (a) Directors' emoluments

The emoluments of individual director of the Company during the Relevant Periods are set out as follows:

<u>Year ended September 30, 2010</u>	<u>Fees</u>	<u>Salaries and allowances</u>	<u>Discretionary bonus</u>	<u>Pension</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Name of Director					
Executive Director:					
Mr. Felix Chi Kong Fung .....	—	2,280	—	1	2,281
Mr. Marcus Pan .....	—	2,073	—	12	2,085
	—	4,353	—	13	4,366
	=	=	=	=	=
<u>Year ended September 30, 2011</u>	<u>Fees</u>	<u>Salaries and allowances</u>	<u>Discretionary bonus</u>	<u>Pension</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Name of Director					
Executive Director:					
Mr. Felix Chi Kong Fung* .....	—	2,280	—	1	2,281
Mr. Marcus Pan .....	—	2,084	—	12	2,096
	—	4,364	—	13	4,377
	=	=	=	=	=
<u>Year ended September 30, 2012</u>	<u>Fees</u>	<u>Salaries and allowances</u>	<u>Discretionary bonus</u>	<u>Pension</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Name of Director					
Executive Director:					
Mr. Marcus Pan .....	—	2,096	—	152	2,248
	—	2,096	—	152	2,248
	=	=	=	=	=

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the companies comprising the Group during the Relevant Periods.

No director of the Company waived any emolument during the Relevant Periods.

\* Mr. Felix Chi Kong Fung resigned his position as Executive Director with effect from October 1, 2011.

## (b) Five highest paid individuals

For the years ended September 30, 2010, 2011, and 2012, the five individuals whose emoluments were the highest in the Group include 2, 2 and 1, directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 3, 3 and 4 individuals are as follows:

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Salaries and allowances .....	5,034	5,715	13,541
Pension .....	851	102	184
	<u>5,885</u>	<u>5,817</u>	<u>13,725</u>

The emoluments of these remaining individuals fell within the following emolument bands:

	Year ended September 30,		
	2010	2011	2012
Nil to HK\$1,000,000 .....	—	—	—
HK\$1,000,001 to HK\$1,500,000 .....	1	—	—
HK\$1,500,001 to HK\$2,000,000 .....	1	2	1
HK\$2,000,001 to HK\$2,500,000 .....	1	—	1
HK\$2,500,001 to HK\$3,000,000 .....	—	1	1
HK\$3,000,001 to HK\$3,500,000 .....	—	—	—
HK\$3,500,001 to HK\$4,000,000 .....	—	—	—
HK\$4,000,001 to HK\$4,500,000 .....	—	—	—
HK\$4,500,001 to HK\$5,000,000 .....	—	—	1
	<u>3</u>	<u>3</u>	<u>4</u>

(c) During the Relevant Periods, none of the directors of the Company and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

**22 Other income**

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Government grant .....	1,368	236	138
License fee income .....	1,005	405	—
Forfeiture of customer deposits .....	—	4,406	—
Interest income on trade receivables .....	2,875	1,026	—
Confiscation of guarantee funds .....	—	—	1,417
Scrap sales .....	1,098	969	1,180
Others .....	677	773	1,278
	<u>7,023</u>	<u>7,815</u>	<u>4,013</u>

**23 Other gains/(losses) — net**

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Net exchange gains/(losses) .....	20,596	(22,357)	27,578
Gain on disposal of subsidiaries (Note 28(b)) .....	3,946	—	—
Fair value loss on derivative financial instruments — foreign exchange forward contracts .....	(19,292)	(22,682)	(476)
Fair value gain/(loss) on derivative financial instruments — equity-index embedded derivative .....	422	(201)	131
	<u>5,672</u>	<u>(45,240)</u>	<u>27,233</u>

**24 Finance income and costs**

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Interest expenses:			
Interest expense on bank borrowings wholly repayable within 5 years .....	13,700	21,302	25,621
Interest element of finance leases .....	437	207	68
Finance costs .....	<u>14,137</u>	<u>21,509</u>	<u>25,689</u>
Interest income:			
Interest income on capital guaranteed fund .....	(11)	(34)	(36)
Interest income on bank deposits .....	(141)	(139)	(173)
Finance income .....	<u>(152)</u>	<u>(173)</u>	<u>(209)</u>
Finance costs — net .....	<u>13,985</u>	<u>21,336</u>	<u>25,480</u>

**25 Income tax expense**

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the Relevant Periods.

The Group's operations in the PRC are subject to the PRC corporate income tax. The standard PRC corporate income tax rate is 25% during the Relevant Periods.

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 Relevant Periods.

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax			
— current year .....	340	5,675	740
Overseas taxation			
— current year .....	7,399	8,383	21,486
— under-provision in prior years .....	507	—	—
	<u>8,246</u>	<u>14,058</u>	<u>22,226</u>

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:

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax	94,926	274,350	379,314
Tax calculated at Hong Kong profits tax rate of 16.5%	15,663	45,268	62,586
Income not subject to tax	(735)	(104)	(1,553)
Expenses not deductible for tax purposes	3,583	2,328	7,582
Effect of different tax rates of subsidiaries operating in other jurisdictions	(18,248)	(36,916)	(66,876)
Under provision in prior years	507	—	—
Utilization of previously unrecognized tax losses	(3,228)	(1,491)	—
Tax losses for which no deferred income tax asset was recognized	5,369	1,541	5,111
Other temporary differences not recognized	5,335	3,432	15,376
Income tax expense	8,246	14,058	22,226
Weighted average applicable tax rate	9%	5%	6%

The effective tax rate is lower than Hong Kong profits tax rate of 16.5% since OPAL (Macao Commercial Offshore) Limited, a subsidiary of the Company, is exempted from corporate income tax of its local tax jurisdiction during the Relevant Periods.

The changes in the weighted average applicable tax rate were mainly due to the changes in the proportion of the taxable profit/(loss) of the respective companies attributable to the Group which were subject to different applicable tax rates.

As at September 30, 2010, 2011 and 2012, the Group had unrecognized tax losses of approximately HK\$39,292,000, HK\$40,377,000 and HK\$58,159,000 respectively to carry forward against future taxable income. The unrecognized tax losses were contributed by the Company's subsidiaries, PanAsia Aluminium Limited and Guangzhou OPLV Doors and Windows Systems Co., Ltd. The tax loss of PanAsia Aluminium Limited has no expiry date while tax losses of Guangzhou OPLV Doors and Windows Systems Co., Ltd. will expire as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
With no expiry date	9,944	—	8,943
Expiry year:			
— 2013	7,238	7,780	7,868
— 2014	9,733	10,462	10,579
— 2015	12,377	17,650	17,848
— After 2015	—	4,485	12,921
	39,292	40,377	58,159

Deferred income tax liabilities of HK\$1,343,000, HK\$1,735,000 and HK\$2,516,000 have not been recognized as at September 30, 2010, 2011 and 2012, respectively, for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Management is of the view that unremitted earnings totaled HK\$26,866,000, HK\$34,699,000 and HK\$50,318,000 at September 30, 2010, 2011 and 2012, respectively, are intended for re-investment in the PRC and there is no current plan for distribution.

**26 Dividends**

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
First interim dividend .....	13,000	5,000	30,000
Second interim dividend .....	16,000	15,000	30,000
Third interim dividend .....	—	50,000	15,000
Fourth interim dividend .....	—	—	35,000
Fifth interim dividend .....	—	—	100,000
Sixth interim dividend .....	—	—	50,000
	<u>29,000</u>	<u>70,000</u>	<u>260,000</u>

The rates for dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this Financial Information.

The aggregate amounts of the dividend paid during the Relevant Periods have been disclosed in the combined statements of comprehensive income in accordance with the Hong Kong Companies Ordinance.

**27 Earnings per share**

No earnings per share information is presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Reorganization and the presentation of the results for the Relevant Periods on a combined basis as disclosed in Note 1.3 above.

## 28 Notes to combined statements of cash flows

## (a) Cash generated from operations

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax .....	94,926	274,350	379,314
Adjustments for:			
– Fair value loss/(gain) on derivative financial instruments – foreign exchange forward contracts (non-cash portion) .....	22,146	(20,804)	304
– Fair value (gain)/loss on derivative financial instruments – equity-index embedded derivative (Note 23) .....	(422)	201	(131)
– (Gain)/loss on disposal of property, plant and equipment (Note 19) .....	(33)	14,737	1,761
– Depreciation of property, plant and equipment (Note 6) .....	21,988	27,287	49,743
– Provision for impairment of receivables (Note 12) .....	7,272	(5,675)	–
– Bad debts written-off .....	4,853	65	15
– Amortization of prepaid land use rights (Note 7) .....	261	285	292
– Interest expense on bank borrowings (Note 24) .....	13,700	21,302	25,621
– Interest element of finance leases (Note 24) .....	437	207	68
– Gain on disposal of subsidiaries (Note 23) .....	(3,946)	–	–
– Interest income on bank deposits, capital guaranteed fund and trade receivables (Notes 22 and 24) .....	(3,027)	(1,199)	(209)
	158,155	310,756	449,867
Changes in working capital:			
– Inventories .....	59,367	(55,130)	(20,788)
– Trade receivables, prepayments, deposits and other receivables .....	(277,775)	(184,703)	(316,062)
– Trade payables, other payables and accrued charges .....	172,917	54,303	77,811
– Due from related companies .....	419	1,797	(3,230)
– Due to a director .....	779	(8,486)	–
Cash generated from operations .....	<u>113,862</u>	<u>118,537</u>	<u>194,509</u>

## (b) Disposal of subsidiaries

On December 30, 2009, the Group disposed of its entire equity interest in PanAsia Aluminium (Rolled Products) Pty. Ltd. at a consideration of AUD10,000 (approximately HK\$70,000) to Zealweek Pty Limited and a company jointly owned by an existing director of PanAsia Group Pty. Ltd. at the time of disposal and a relative of Mr. Marcus Pan, a director.

On December 31, 2009, the Group disposed of its entire equity interests in PanAsia Group Pty. Ltd. and PanAsia Aluminum (Toronto) Inc. at a consideration of AUD300,000 (approximately HK\$2,106,000) and CAD50,000 (approximately HK\$371,000) respectively, to an existing director of PanAsia Group Pty. Ltd. at the time of disposal.

The total consideration of HK\$2,547,000 was settled in cash.

Details of the disposed subsidiaries are as follows:

<u>Name of disposed subsidiary</u>	<u>Place of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Attributable equity interest</u>	<u>Principal activities and place of operations</u>
PanAsia Aluminum (Toronto) Inc.	Canada	100 ordinary shares of CAD1 each	100% (direct)	Provision of customer services and trading of aluminum products / North America
P & O Group Pty. Ltd. (Formerly known as "PanAsia Group Pty. Ltd.")	Australia	200,000 ordinary shares of AUD1 each	100% (indirect)	Investment holdings
P & O Aluminium (Rolled Products) Pty. Ltd. (Formerly known as "PanAsia Aluminium (Rolled Products) Pty. Ltd.")	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia

Subsidiaries of P & O Group Pty. Ltd. are as follows:

<u>Name of disposed subsidiary</u>	<u>Place of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Attributable equity interest</u>	<u>Principal activities and place of operations</u>
P & O Aluminium (Brisbane) Pty. Ltd. (Formerly known as "PanAsia Aluminium (Brisbane) Pty. Ltd.")	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia
PanAsia Aluminium (Townsville) Pty. Ltd.	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia
P & O Aluminium (Perth) Pty. Ltd. (Formerly known as "PanAsia Aluminium (Perth) Pty. Ltd.")	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia
P & O Aluminium (Sydney) Pty. Ltd. (Formerly known as "PanAsia Aluminium (Sydney) Pty. Ltd.")	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia
P & O Aluminium (Melbourne) Pty. Ltd. (Formerly known as "PanAsia Aluminium (Melbourne) Pty. Ltd.")	Australia	100 ordinary shares of AUD1 each	100% (indirect)	Trading of aluminum products / Australia



	<u>Year ended September 30, 2010</u>
	HK\$'000
Details of the disposal:	
Consideration . . . . .	2,547
Less: net book value of net liabilities disposed of . . . . .	4,351
Add: exchange reserves transferred to combined statements of comprehensive income . . . . .	<u>(2,952)</u>
Gain on disposal . . . . .	<u>3,946</u>

The assets and liabilities disposed of are as follows:

	<u>Carrying amount On December 30, 2009</u>
	HK\$'000
Plant and equipment . . . . .	2,063
Cash and cash equivalents . . . . .	19,090
Inventories . . . . .	67,191
Trade and other receivables . . . . .	120,495
Trade and other payables . . . . .	(212,256)
Obligations under finance lease . . . . .	<u>(934)</u>
Net liabilities disposed of . . . . .	<u>(4,351)</u>
Purchase consideration . . . . .	2,547
Cash and cash equivalents in subsidiaries disposed of . . . . .	<u>(19,090)</u>
	<u>(16,543)</u>

In the combined statements of cash flows, cash and cash equivalents in subsidiaries disposed of comprise:

	<u>Year ended September 30, 2010</u>
	HK\$'000
Purchase consideration received in respect of disposal of subsidiaries in May 2009 . . . . .	1,945
Purchase consideration received in respect of disposal of subsidiaries in December 2009 . . . . .	2,547
Cash and cash equivalents in subsidiaries disposed of . . . . .	<u>(19,090)</u>
	<u>(14,598)</u>

(c) An analysis of changes in obligations under finance leases is as follows:

	<u>Year ended September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
	HK\$'000	HK\$'000	HK\$'000
At beginning of the year . . . . .	7,885	5,778	1,875
Inception of new leases . . . . .	3,206	—	—
Exchange differences . . . . .	45	8	—
Disposal of a subsidiary (Note 28(b)) . . . . .	(934)	—	—
Cash outflows . . . . .	<u>(4,424)</u>	<u>(3,911)</u>	<u>(1,466)</u>
At end of the year . . . . .	<u>5,778</u>	<u>1,875</u>	<u>409</u>

**29 Commitments**

## (a) Capital commitments

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for — Property, plant and equipment . . . . .	14,450	70,469	83,614

## (b) Operating lease commitments

The Group's operating lease commitments under non-cancellable operating leases in respect of land and buildings are as follows:

	As at September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within one year . . . . .	1,523	1,367	5,792
In the second to fifth year inclusive . . . . .	2,038	2,241	10,824
Over five years . . . . .	11,753	12,174	—
	<u>15,314</u>	<u>15,782</u>	<u>16,616</u>

**30 Related party transactions**

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

Save as disclosed elsewhere in the Financial Information, the Group had the following related party transactions during the Relevant Periods:

## (i) Sales of goods

	Notes	Year ended September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Continuing:				
Sales of aluminum extrusion materials				
Guangzhou Rongjin Curtain Wall Co., Ltd. ("Rongjin")				
廣州市榮晉幕牆有限公司*	(a),(b)	17,984	19,661	33,155

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

Note:

- (a) The company is controlled by the family members of Mr. Marcus Pan, a director of the Company.  
 (b) In the opinion of the directors, these transactions were entered into in the normal course of business of the Group at terms mutually agreed by the parties concerned.

## (ii) Key management compensation

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

	Year ended September 30,		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Salaries, bonus and allowances .....	7,001	7,633	12,767
Pension .....	37	37	308
	<u>7,038</u>	<u>7,670</u>	<u>13,075</u>

## (iii) Balances with related parties

Group – Due from related companies:

	Note	As at September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
<u>Related companies</u>				
Rongjin .....	(a),(b)	6,484	4,687	7,938
Forever Young Decoration Engineering Limited .....	(a),(c)	21	21	—
		<u>6,505</u>	<u>4,708</u>	<u>7,938</u>

Group—Due to related parties:

	Note	As at September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Due to Mr. Marcus Pan, a director of the Company .....	(a)	<u>(8,486)</u>	<u>—</u>	<u>—</u>

Company:

	Note	As at September 30,		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Due to a fellow subsidiary .....	(d)	<u>322</u>	<u>365</u>	<u>395</u>

Notes:

- The amounts due are unsecured, interest-free and repayable on demand.
- The company is controlled by family members of Mr. Marcus Pan, a director of the Company.
- The company was wholly owned by Shao Lidan, a then director of the Company, for the year ended September 30, 2010 and up to April 29, 2011. The company was wholly owned by Easy Star Holdings Limited, the immediate holding company of the Company from April 29, 2011 up to date.
- The amount due to a fellow subsidiary is interest-free, unsecured and repayable on demand.

**31 Subsequent events**

- On October 11, 2012, PanAsia BVI declared interim dividends of HK\$50,000,000, among which HK\$10,000,000, HK\$20,000,000 and HK\$20,000,000 have been paid out on January 7, 2013, January 17, 2013 and January 18, 2013, respectively.
- The Group has carried out and completed the Reorganization steps as described in Note 1.2 of Section II in preparation for the Listing.

Pursuant to the Reorganization, on October 12, 2012, the Company issued and allotted 999,999 ordinary shares of HK\$0.1 each at par to Easy Star in exchange for the entire interests in PanAsia BVI, the then wholly owned subsidiary of Easy Star.

- (3) On November 22, 2012, Chengdu Zhencheng Trading Co., Ltd, a wholly-owned subsidiary of the Company was incorporated in the PRC with registered capital of HK\$10,000,000. No paid in capital has been made up to the date of this report.

### **III SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2012. Save as disclosed elsewhere in this report, no dividend has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2012.

Yours faithfully,

**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong

The information set out below does not form part of the Accountant's Report prepared by the independent reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included in this prospectus for information purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountant's Report set out in Appendix I.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the net tangible assets as at September 30, 2012 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the Group's net tangible assets had the Global Offering been completed as at September 30, 2012 or at any future date. The unaudited pro forma statement of adjusted net tangible assets is based on the audited combined net tangible assets of the Group attributable to the equity holders of the Company as at September 30, 2012 as shown in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as at September 30, 2012 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company as at September 30, 2012 <sup>(3)</sup>	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>
	HK\$'000	HK\$'000	HK\$'000	HK\$
Based on an Offer Price of HK\$3.46 per Share . . . . .	735,955	931,115	1,667,070	1.39
Based on an Offer Price of HK\$4.50 per Share . . . . .	735,955	1,243,115	1,979,070	1.65

*Notes:*

- (1) The audited combined net tangible assets of the Group attributable to the equity holders of the Company as at September 30, 2012 is extracted from the Accountant's Report of the Company as set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as at September 30, 2012 of HK\$736.0 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$3.46 and HK\$4.50 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 1,200,000,000 Shares were in issue immediately following the completion of the Reorganization, the Capitalization Issue and the Global Offering but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the general mandate to repurchase Shares.
- (4) As at November 30, 2012, the Group's land use rights and buildings interests were revalued by Savills Valuation and Professional Services Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus, representing the excess of market value of the land use rights and buildings over their book value, is approximately HK\$161 million. Such revaluation surplus has not been included in the Group's combined financial information as at September 30, 2012. The above adjustment does not take into account the above revaluation surplus. Had the land use rights and buildings interests been stated at such valuation, and additional depreciation of HK\$12.05 million per annum would be charged against the combined statement of comprehensive income.
- (5) The unaudited pro forma net tangible assets of the Group attributable to equity holders of the Company does not take into account dividends totalling HK\$50,000,000 declared by the Group to its then shareholders, among which HK\$10,000,000, HK\$20,000,000 and HK\$20,000,000 have been paid out on January 7, 2013, January 17, 2013 and January 18, 2013, respectively.
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2012.

**B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

The unaudited pro forma forecast earnings per Share prepared in accordance with Rule 4.29 of the Listing Rules is set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on October 1, 2012. The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the six months ending March 31, 2013 or any future period.

Forecast consolidated profit attributable to equity holders of the

Company for the six months ending March 31, 2013 <sup>(1)</sup> . . . . .	not less than HK\$232.9 million
Unaudited pro forma forecast earnings per Share <sup>(2)</sup> . . . . .	not less than HK\$0.19

*Notes:*

- (1) The forecast consolidated profit attributable to our equity holders of the Company for the six months ending March 31, 2013 is extracted from the section headed “Financial Information – Profit Forecast For The Six Months Ending March 31, 2013” in the prospectus. The bases on which the above profit forecast for the six months ending March 31, 2013 has been prepared are set out in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity holders of the Company for the six months ending March 31, 2013 based on the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to “the Group”) based on the unaudited management accounts for the two months ended November 30, 2012 and a forecast of the consolidated results of the Group for the remaining four months ending March 31, 2013. The profit forecast has been prepared on a basis consistent in all material respects with our accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report of our Company, the text of which is set out in Appendix I to the prospectus.
- (2) The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to equity holders of the Company for the six months ending March 31, 2013 by 1,200,000,000 Shares on the basis that these Shares were in issue during the entire period and assuming that the Capitalization Issue and the Global Offering had been completed on October 1, 2012. The calculation takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

**C. LETTER FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF PANASIALUM HOLDINGS COMPANY LIMITED**

We report on the unaudited pro forma financial information of PanAsialum Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-2 under the headings of "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and "Unaudited Pro Forma Forecast Earnings Per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated January 23, 2013 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

**Respective Responsibilities of Directors of the Company and the Reporting Accountant**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited combined net assets of the Group as at September 30, 2012 with the accountant's report as set out in Appendix I of the Prospectus, and comparing the unaudited forecast consolidated profit attributable to equity holders of the Company for the six months ending March 31, 2013 with the profit forecast set out in the section headed "Financial Information—Profit Forecast For the Six Months Ending March 31, 2013" in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

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We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the adjusted net tangible assets of the Group as at September 30, 2012 or any future date, or
- the earnings per share of the Group for the six months ending March 31, 2013 or any future periods.

**Opinion**

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

Certified Public Accountants  
Hong Kong, January 23, 2013



*The forecast of the consolidated profit attributable to equity holders of the Company for the six months ending March 31, 2013 is set out in the section entitled “Financial Information—Profit Forecast For the Six Months Ending March 31, 2013” in the prospectus.*

#### **A. Bases and Assumptions**

The Director have prepared the forecast of the consolidated profit attributable to equity holders of the Company for the six months ending March 31, 2013 based on the unaudited consolidated results of the Group based on the unaudited management accounts for the two months ended November 30, 2012 and a forecast of the consolidated results of the Group for the remaining four months ending March 31, 2013.

The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group, as summarized in the Accountant’s Report set out in Appendix I, and on the following principal assumptions:

- It is assumed that the Group will be able to continue in business and will not be materially interrupted by any unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters or catastrophes.
- It is assumed that there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in the PRC or any other territories in which the Group operates during the Forecast Period.
- It is assumed that there will be no significant changes in the bases and rates of taxation, surcharges or other government levies in the countries or territories in which the Group operates except as otherwise disclosed in the Prospectus.
- It is assumed that there will be no material changes in inflation or interest rates from those currently prevailing in the PRC and any other territories where our customers and suppliers operate during the Forecast Period.
- It is assumed that there will be no material changes in foreign exchange rates for the currencies in which the Group conducts businesses with and as such, the Group will not be forecasting foreign exchange gains or losses.
- It is assumed that no abnormal or extraordinary items will occur during the Forecast Period.
- It is assumed that the Group will be able to retain its key management and personnel during the Forecast Period.
- It is assumed that the Group will be able to recruit sufficient qualified personnel to achieve its planned expansion and that staffing level will be sufficient for the operation requirements of the Group during the Forecast Period.
- It is assumed that there will be no material change in the credit policies offered to customers and granted by suppliers of the Group.
- It is assumed that the Group will adjust its services and staff number correspondingly to cater for the growing demand for products during the Forecast Period.
- It is assumed that the unremitted earnings of subsidiary in the PRC will not be distributed during the Forecast Period. Any dividend to be distributed will be based on the earnings of the HK and Macau subsidiaries.

- It is assumed that the Group's operations, results and financial position will not be adversely affected by the occurrence of any of the events described in the risk factors as mentioned in the Prospectus.
- It is assumed that the currently available banking facilities will continuously be available throughout the Forecast Period.
- It is assumed that foreign exchange rates will remain steady in the Forecast Period and therefore no foreign exchange movements will be built into the Forecast.

**B. LETTER FROM THE REPORTING ACCOUNTANT ON THE PROFIT FORECAST**

*The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

January 23, 2013

The Directors  
PanAsialum Holdings Company Limited

HSBC Corporate Finance (Hong Kong) Limited  
J.P. Morgan Securities (Far East) Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of PanAsialum Holdings Company Limited (the "Company") for the six months ending March 31, 2013 (the "Profit Forecast") as set out in the subsection headed "Profit Forecast For The Six Months Ending March 31, 2013" in the section headed "Financial information" in the prospectus of the Company dated January 23, 2013 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") based on management accounts for the two months ended November 30, 2012 and a forecast of the consolidated results of the Group for the remaining four months ending March 31, 2013.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages III-1 and III-2 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in Note 2 of section II of the Financial Information section in Appendix I of the Prospectus.

Yours faithfully,

**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong

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## C. LETTER FROM THE JOINT SPONSORS ON THE PROFIT FORECAST



J.P. Morgan

The Directors  
PanAsialum Holdings Company Limited  
1802A, Tower 5  
China Hong Kong City  
33 Canton Road, Tsim Sha Tsui  
Kowloon, Hong Kong

Date: January 23, 2013

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity holders of PanAsialum Holdings Company Limited (the "Company") for the period ending March 31, 2013 (the "Profit Forecast") as set out in the subsection headed "Profit Forecast For The Six Months Ending March 31, 2013" in the section headed "Financial Information" in the prospectus of the Company dated January 23, 2013.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited consolidated results of the Company and its subsidiaries (the "Group") based on the management accounts for the two months ended November 30, 2012 and a forecast of the consolidated results of the Group for the remaining four months ending March 31, 2013. We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated January 23, 2013 addressed to you and ourselves from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Forecast has been based.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of  
**HSBC Corporate Finance (Hong Kong) Limited**

**Au On Kit, Jason**  
*Managing Director*

For and on behalf of  
**J.P. Morgan Securities (Far East) Limited**

**Lau Pak Wai**  
*Managing Director*

*The following is the text of a letter, summary of values and valuation certificates, prepared for inclusion in this prospectus, received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with the opinion of values of the property interests of our Group as at November 30, 2012 in the PRC.*



The Directors  
PanAsialum Holdings Company Limited  
Unit 1802A  
Tower 5, China Hong Kong City  
No. 33 Canton Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T : (852) 2801 6100  
F : (852) 2530 0756

EA Licence: C-023750  
savills.com

**January 23, 2013**

Dear Sirs,

In accordance with your instructions for us to value the properties situated in Hong Kong, Macau and the People's Republic of China (the "PRC") in which PanAsialum Holdings Company Limited (the "Company") and its subsidiaries (the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at November 30, 2012.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property in Group I which is held by the Group for owner-occupation in the PRC, due to the specific purpose for which the buildings of the property have been constructed, there are no readily available market comparables of the same kind of the property and thus the buildings of this property cannot be valued on the basis of direct comparison. They have been valued on the basis of the depreciated replacement cost ("DRC"). We would define "DRC" for this purpose to be our opinion of the land value for its existing use and an estimate of the new replacement costs of the buildings, including fees and finance charges, from which deductions are then made to allow for

physical deterioration and all relevant forms of obsolescence and optimization. While in valuing the land, we have adopted the Direct Comparison Approach by making reference to the comparable market transactions as available in the relevant market assuming sales with vacant possession. The DRC is subject to adequate potential profitability of the business.

In valuing the properties in Group II, III and IV, which are rented by the Group in the PRC, Hong Kong and Macau, we have assigned no commercial values to these properties due to the prohibition against assignment or sub-letting or otherwise due to the lack of profit rent and/or the short term nature of the respective leases.

We have been provided with extracts of documents in relation to the titles to the properties in the PRC. However, we have not searched the original documents to ascertain any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its PRC's legal adviser, Jingtian & Gongcheng Law Firm, regarding the titles to the properties in the PRC. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible the interior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

The site inspection was carried out in February 2012 by Mr. Anthony Lau, who is a chartered surveyor and Miss Chen Ying, who is China Real Estate Appraiser and Land Valuer. A re-inspection was carried out in January 2013 by Mr. Richmond Liu, who is a probationer of the Royal Institution of Chartered Surveyors.

Our valuations have been prepared in compliance with the requirements set out in Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors, Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts are stated in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,  
For and on behalf of  
**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**  
**MRICS MHKIS RPS(GP)**  
Director

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*Note: Mr. Anthony C.K. Lau is a qualified valuer and has over 20 years' experience of valuing properties in both Hong Kong and the PRC.*

## SUMMARY OF VALUES

## Group I – Property held by the Group in the PRC for owner-occupation

<u>No.</u>	<u>Property</u>	<u>Capital value in existing state as at November 30, 2012</u>
1.	An industrial complex occupied by 榮陽鋁業（中國）有限公司 (PanAsia Aluminum (China) Co., Ltd.), Side of Guang Shan Road (San Lian Road Section), Zeng Cheng City, Guangdong Province, PRC Postal Code 511300	RMB161,000,000
<b>Group I total:</b>		<u>RMB161,000,000</u>

## Group II – Properties rented by the Group in the PRC

2.	An industrial complex occupied by 榮陽鋁業（中國）有限公司 (PanAsia Aluminum (China) Co., Ltd.), Xia Luo Gang Cun (next to Occupation Technology Training School), Zeng Cheng City, Guangdong Province, PRC Postal Code 511300	No commercial value
3.	A factory and dormitory occupied by 廣州榮富電子科技有限公司 (Guangzhou Rongfu Electronic Technology Co., Ltd.), Zhu Gao Jian, Zhu Cun, Zhu Cun Jie, Zeng Cheng City, Guangdong Province, PRC Postal Code 51130	No commercial value
<b>Group II total:</b>		<u>Nil</u>

<u>No.</u>	<u>Property</u>	<u>Capital value in existing state as at November 30, 2012</u>
<b>Group III – Properties rented by the Group in Hong Kong</b>		
4.	Unit 1802A, Tower 5, China Hong Kong City, No. 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	No commercial value
5.	Unit 2008B, Tower 3, China Hong Kong City, No. 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	No commercial value
<b>Group III total:</b>		<u>Nil</u>
<b>Group IV – Property rented by the Group in Macau</b>		
6.	Unit M, 13th Floor, The Macau Square, No. 45-53A Avenida do Infante D. Henrique, Macau	No commercial value
<b>Group IV total:</b>		<u>Nil</u>

Note: The English translations of official Chinese names are for identification only.



## VALUATION CERTIFICATE

## Group I – Property held by the Group in the PRC for owner-occupation

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at November 30, 2012
1.	An industrial complex occupied by 榮陽鋁業（中國）有限公司 (PanAsia Aluminum (China) Co., Ltd.), Side of Guang Shan Road (San Lian Road Section), Zeng Cheng City, Guangdong Province, PRC Postal Code 511300	The property comprises two parcels of land with a total site area of approximately 129,133 sq.m. (1,389,988 sq.ft.) on which various buildings and ancillary facilities completed in between 1998 and 2012 are erected.  As advised by the Group, the property comprises 14 workshops, 4 office buildings, 3 dormitories and 1 canteen with a total gross floor area of approximately 83,956.71 sq.m. (903,710 sq.ft.).  The land use rights of the property have been granted for two concurrent terms expiring on November 21, 2050 and April 11, 2054 for industrial use.	The property is occupied by the Group for industrial use.	RMB161,000,000

## Notes:

- Pursuant to two State-owned Land Use Rights Certificates Zeng Guo Yong (2000) Zi Di No. B0101337 and Zeng Guo Yong (2004) Zi Di No. C0100204, both issued by Zeng Cheng Land Resources Bureau, the land use rights of two parcels of land with a total site area of approximately 129,133 sq.m. have been granted to PanAsia Aluminum (China) Co., Ltd. (“PanAsia Aluminum (China)”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on November 21, 2050 and April 11, 2054 for industrial use.
- Pursuant to 22 Building Ownership Certificates issued by the People’s Government of Zengcheng, the building ownership of the property with a total gross floor area of approximately 83,956.71 sq.m. is vested in PanAsia Aluminum (China). Details of the certificates are as follows:

<u>Building Ownership Certificate No.</u>	<u>Use</u>	<u>Number of Storey</u>	<u>Approximate Gross Floor Area (sq.m.)</u>
Yue Fang Zi Di No.1644213 (粵房字第1644213号)	Storage	1	9,881.65
Yue Fang Zi Di No.1644214 (粵房字第1644214号)	Workshop	1	2,015.00
Yue Fang Zi Di No.1644215 (粵房字第1644215号)	Workshop	1	6,900.00
Yue Fang Zi Di No.1644216 (粵房字第1644216号)	Workshop	1	1,786.40

**APPENDIX IV**
**PROPERTY VALUATION REPORT**

<u>Building Ownership Certificate No.</u>	<u>Use</u>	<u>Number of Storey</u>	<u>Approximate Gross Floor Area (sq.m.)</u>
Yue Fang Zi Di No.1644217 (粤房字第1644217号)	Workshop	1	897.60
Yue Fang Zi Di No.1644219 (粤房字第1644219号)	Workshop	1	640.00
Yue Fang Zi Di No.4014915 (粤房字第4014915号)	Office	3	1,032.00
Yue Fang Zi Di No.4014936 (粤房字第4014936号)	Office	1	200.00
Yue Fang Zi Di No.4014937 (粤房字第4014937号)	Residential	3	1,473.52
Yue Fang Zi Di No.4014940 (粤房字第4014940号)	Office	2	472.78
Yue Fang Zi Di No.4015000 (粤房字第4015000号)	Workshop	1	1,573.80
Yue Fang Zi Di No.4066342 (粤房字第4066342号)	Workshop	1	1,440.00
Yue Fang Zi Di No.4066343 (粤房字第4066343号)	Workshop	1	7,504.20
Yue Fang Zi Di No.4066344 (粤房字第4066344号)	Workshop	1	7,803.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002843 (粤房地权证自字第00002843号)	Workshop	1	1,500.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002846 (粤房地权证自字第00002846号)	Canteen	2	3,674.00
Yue Fang Di Quan Zheng Zi Zi Di No.00002847 (粤房地权证自字第00002847号)	Warehouse	1	18,304.91
Yue Fang Di Quan Zheng Zi Zi Di No.00002850 (粤房地权证自字第00002850号)	Workshop	1	3,763.20
Yue Fang Di Quan Zheng Zi Zi Di No.10004617 (粤房地权证自字第10004617号)	Dormitory	5	2,760.90
Yue Fang Di Quan Zheng Zi Zi Di No.10004618 (粤房地权证自字第10004618号)	Dormitory	5	2,760.90
Yue Fang Di Quan Zheng Zi Zi Di No.10004619 (粤房地权证自字第10004619号)	Workshop	1	4,654.27
Yue Fang Di Quan Zheng Zi Zi Di No.661602 (粤房地权证自字第661602号)	Non-residential	4	2,918.58
	<b>Total:</b>		<b><u>83,956.71</u></b>

3. As advised by the Group, a portion of the property is subject to mortgages.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - i. PanAsia Aluminum (China) legally owns the land use rights and building ownership of the property as stated in Note Nos. 1 & 2 and is entitled to occupy, use, let, transfer and mortgage or dispose of such property by other lawful means within the term of the land use rights. As a portion of the property is subject to mortgages, consent from mortgagees has to be obtained before any letting or transferring such portion of the property;
  - ii. The land premium of the property was settled in full; and
  - iii. The use of the property has not violated the PRC law and the property is not subject to any seizure or other material encumbrances.

## VALUATION CERTIFICATE

## Group II – Properties rented by the Group in the PRC

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at November 30, 2012
2.	An industrial complex occupied by 榮陽鋁業（中國）有限公司 (PanAsia Aluminum (China) Co., Ltd.), Xia Luo Gang Cun (next to Occupation Technology Training School), Zeng Cheng City, Guangdong Province, PRC Postal Code 511300	<p>The property comprises a parcel of land with a site area of approximately 36,094.60 sq.m. (388,522 sq.ft.) on which various buildings and ancillary facilities completed in 2006 are erected.</p> <p>As advised by the Group, the total gross floor area of the property is approximately 20,000.00 sq.m. (215,280 sq.ft.).</p> <p>The property is leased to Guangzhou OPLV Door and Window Systems Co., Ltd. (the “lessee”), an indirect wholly-owned subsidiary of the Company, from an independent third party (the “lessor”) for a term of 5 years commencing on January 1, 2012 and expiring on December 31, 2016 at a monthly rental of RMB150,000.</p>	The property is occupied by the Group for industrial use.	No commercial value

## Notes:

1. We have been provided with a legal opinion on the legality to the tenancy agreement issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. The lessor is unable to provide relevant title documents of portion of the property to prove the ownership. If the lessor has no right to let such portion of the property, the tenancy agreement may be invalid and the lessee may have to move out from the property;
  - ii. A portion of the property with a total gross floor area of approximately 8,285.20 sq.m. has been duly registered at Zeng Cheng Land, Resources and Housing Administrative Bureau on October 11, 2012; and
  - iii. The tenancy agreement should be registered with the relevant tenancy management service center. However, non-registration of the tenancy will not affect its validity.

## VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at November 30, 2012
3.	A factory and dormitory occupied by 廣州榮富電子科技有限公司 (Guangzhou Rongfu Electronic Technology Co., Ltd.), Zhu Gao Jian, Zhu Cun, Zhu Cun Jie, Zeng Cheng City, Guangdong Province, PRC Postal Code: 511300	The property comprises a parcel of land with a site area of 37,390.80 sq.m. (402,475 sq.ft.) on which a 3-storey factory and a 6-storey dormitory building with a total gross floor area of 11,471.10 sq.m. (123,475 sq.ft.) completed in 2006 are erected.  The property is leased to PanAsia Aluminum (China) Co., Ltd. (the "lessee"), an indirect wholly-owned subsidiary of the Company, from an independent third party (the "lessor") for a term of 3 years commencing on March 16, 2012 and expiring on March 15, 2015 at a monthly rental of RMB150,000.	The property is occupied by the Group for industrial use.	No commercial value

## Notes:

1. We have been provided with a legal opinion on the legality to the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - i. The tenancy agreement complies with the requirements of the PRC law and is valid and enforceable; and
  - ii. The tenancy agreement should be registered with the relevant tenancy management service center. However, non-registration of the tenancy will not affect its validity.

## VALUATION CERTIFICATE

## Group III – Properties rented by the Group in Hong Kong

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at November 30, 2012
4.	Unit 1802A, Tower 5, China Hong Kong City, No. 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	<p>China Hong Kong City (the “development”) comprises five 13-storey office towers erected over a 5-storey retail podium plus a 3-storey basement. The development was completed in 1988.</p> <p>The property comprises an office unit on the 18th Floor of Tower 5 of the development with a lettable area of approximately 240.90 sq.m. (2,593 sq.ft.).</p> <p>The property is leased by the PanAsia Aluminium Limited, an indirect wholly-owned subsidiary of the Company, from an independent third party for a term commencing on March 1, 2012 and expiring on February 28, 2014 at a monthly rental of HK\$64,825 exclusive of rates and service charges.</p>	The property is occupied by the Group as an office.	No commercial value

## VALUATION CERTIFICATE

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at November 30, 2012
5.	Unit 2008B, Tower 3, China Hong Kong City, No. 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	<p>China Hong Kong City (the “development”) comprises five 13-storey office towers erected over a 5-storey retail podium plus a 3-storey basement. The development was completed in 1988.</p> <p>The property comprises an office unit on the 20th Floor of Tower 3 of the development with a lettable area of approximately 67.81 sq.m. (730 sq.ft.).</p> <p>The property is leased by PanAsia Aluminium (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, from an independent third party for a term commencing on October 1, 2011 and expiring on April 17, 2013 at a monthly rental of HK\$18,250 exclusive of rates and service charges.</p>	The property is occupied by the Group as an office.	No commercial value

## VALUATION CERTIFICATE

## Group IV – Property rented by the Group in Macau

No.	Property	Description and tenancy details	Particulars of occupancy	Capital value in existing state as at November 30, 2012
6.	Unit M, 13th Floor, The Macau Square, No. 45-53A Avenida do Infante D. Henrique, Macau	<p>The Macau Square (the “development”) comprises a 15-storey office tower erected over a 4-storey retail podium plus a 5-storey basement car park. The development was completed in 2001.</p> <p>The property comprises an office unit on the 13th Floor of the development with a gross area of approximately 193.24 sq.m.( 2,080 sq.ft.).</p> <p>The property is leased by OPAL (Macao Commercial Offshore) Limited, an indirect wholly-subsiary of the Company, from an independent third party for a term commencing on August 1, 2011 and expiring on July 31, 2013 at a monthly rental of MOP\$21,500 exclusive of management service monthly charges.</p>	The property is occupied by the Group as an office.	No commercial value



Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 7, 2005 under the Cayman Islands Companies Law. The Memorandum and the Articles of Association comprise its constitution.

### **1. Memorandum of Association**

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

### **2. Articles of Association**

The Articles were conditionally adopted on January 18, 2013 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

#### **(a) Directors**

- (i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Cayman Islands Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Cayman Islands Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

- (ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting.

- (iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

- (iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

- (v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Cayman Islands Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or

indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
  - (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
  - (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a

Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Cayman Islands Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Cayman Islands Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(b) Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Islands Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Cayman Islands Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Cayman Islands Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Cayman Islands Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.



**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of

transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Cayman Islands Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

**(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

**(m) Dividends and other methods of distribution**

Subject to the Cayman Islands Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

**(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(p) Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Cayman Islands Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

**(q) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the

Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

**(b) Share capital**

The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium

account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Islands Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Islands Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Cayman Islands Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Islands Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an

ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Islands Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of section 34 of the Cayman Islands Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

**(f) Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.



Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Cayman Islands Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from October 25, 2005.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate

duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Cayman Islands Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company will have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Islands Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Islands Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**(n) Winding up**

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his

appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**4. GENERAL**

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. Further Information About our Company and our Subsidiaries****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on October 7, 2005. We have established a place of business in Hong Kong at 1802A, Tower 5, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong and it was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on December 20, 2005. Mr. Marcus Pan, who resides at 25A, Nam Tien Mansion, Taikoo Shing, Hong Kong, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands Companies Law and to its constitution comprising the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Islands Companies Law is set out in Appendix IV to this prospectus.

**2. Change in share capital**

Our authorized share capital as of the date of our incorporation was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each.

Pursuant to the resolutions in writing of the shareholders of our Company passed on January 18, 2013 below, the authorized share capital of our Company was increased from HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each to HK\$240,000,000 by the creation of an additional 23,996,200,000 Shares.

Immediately following completion of the Global Offering and the Capitalization Issue but not taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$120,000,000 divided into 1,200,000,000 Shares, all fully paid or credited as fully paid, and 1,200,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed “Resolutions in writing of the shareholders of our Company passed on January 18, 2013” below, there has been no alteration in the share capital of our Company since its incorporation.

**3. Resolutions in writing of the shareholders of our Company passed on January 18, 2013**

Pursuant to the written resolutions passed by the shareholders of our Company on January 18, 2013:

- (a) we approved and adopted the Articles of Association with effect from the Listing Date and approved and adopted the Memorandum with immediate effect;
- (b) the authorized share capital of our Company was increased from HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each to HK\$240,000,000 by the creation of an additional 23,996,200,000 Shares;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme); (ii) the entering into of the agreement on the Offer Price between the Joint Bookrunners and our Company on the Price Determination Date; and (iii) the obligations of

the Underwriter under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

- (i) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;
  - (ii) the Over-allotment Option was approved and the Directors were authorized to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option;
  - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the sub-section headed “—D. Other Information—1. Share Option Scheme” in this Appendix, were approved and adopted, and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
  - (iv) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Global Offering, our Directors were authorized to capitalize an amount of HK\$89,900,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 899,000,000 Shares, such Shares to be allotted and issued to our shareholders whose names appeared on the register of members of our Company at the close of business on the date the Capitalization Issue was approved by the shareholders on a pro rata basis.
- (d) a general unconditional mandate was given to the Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the shareholders of our Company in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and Capitalization Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first;
- (e) a general unconditional mandate was given to the Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the

Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first; and

- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

#### 4. Corporate reorganization

The Companies comprising our Group underwent a Reorganization in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganization, please refer to the section entitled “History, Reorganization and Corporate Structure” in this prospectus.

#### 5. Changes in share capital of subsidiaries

Certain information on our subsidiaries is contained in the Accountant’s Report in Appendix I to this prospectus. The following sets out the changes to the share capital made by the subsidiaries of our Company during the two years preceding the date of this prospectus:

<u>Name of subsidiary</u>	<u>Date of change</u>	<u>Capital before increase/decrease</u>	<u>Capital after increase/decrease</u>
PanAsia Aluminum (China) . . . .	March 20, 2012	US\$16,889,000	US\$21,889,000
Guangzhou OPLV . . . . .	January 6, 2012	US\$8,000,000	US\$13,000,000
OPAL Macao . . . . .	July 21, 2011	MOP\$100,000	MOP\$1,000,000

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

#### 6. Repurchase of our Shares

##### (a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

##### (i) Shareholders’ approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to resolution passed by the shareholders of our Company on January 18, 2013, a general unconditional mandate (the “Buyback Mandate”) was granted to the Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of the shareholders of our Company in general meeting, whichever is the earliest.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its shareholders for our Directors to have a general authority from shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares will be made out of the profits of our Company or out of share premium or the proceeds of a fresh issue of shares made for the purpose of the purchase or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) Share capital

Exercise in full of the Buyback Mandate, on the basis of 1,200,000,000 Shares in issue immediately after the listing of the Shares (but taking no account of Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme), could accordingly result in up to 120,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.



Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering and the Capitalization Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 120,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.3% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate, which will not trigger an obligation by the Controlling Shareholders to make a mandatory offer in accordance with Rule 26 of the Code.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. Our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

## **B. Information about our Business**

### **1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the sale and purchase agreement in relation to the entire issued share capital of PanAsia Enterprises Group Limited ("PanAsia Enterprises (BVI)") dated October 12, 2012 entered into between Easy Star Holdings Limited ("Easy Star") and PanAsialum Holdings Company Limited ("PanAsialum Holdings"), pursuant to which PanAsialum Holdings agreed to purchase the entire issued share capital of PanAsia Enterprises (BVI) from Easy Star at a consideration of HK\$828,316,762;
- (b) the Deed of Non-competition;
- (c) the Deed of Indemnity; and
- (d) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of the Group

### (a) Patents

As of the Latest Practicable Date, our Group was the registered proprietor of the following patents which, in the opinion of our Directors, are material to our business:

Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
一種設置有步進定位結構的沖壓加工模	ZL201020555709.5	Utility Model	PanAsia Aluminum (China)	PRC	September 30, 2010	September 29, 2020
一種同心銼銑刀	ZL201020555734.3	Utility Model	PanAsia Aluminum (China)	PRC	September 30, 2010	September 29, 2020
一種鋁合金單軌推拉窗	200720059986.5	Utility Model	Guangzhou OPLV (Note 1)	PRC	November 22, 2007	November 21, 2017
一種單軌推拉門窗導軌室內側部分的密封裝置	200720059985.0	Utility Model	Guangzhou OPLV (Note 1)	PRC	November 22, 2007	November 21, 2017
採用等壓腔原理的推拉窗密封結構	200820043194.3	Utility Model	Guangzhou OPLV (Note 1)	PRC	January 23, 2008	January 22, 2018
一種推拉門帶窗結構	200820200319.9	Utility Model	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
一種平開窗結構	200820046177.5	Utility Model	Guangzhou OPLV (Note 1)	PRC	April 10, 2008	April 9, 2018
採用水循環原理的推拉窗密封結構及推拉窗窗軌	201020246118.X	Utility Model	Guangzhou OPLV (Note 1)	PRC	July 2, 2010	July 1, 2020
型材 (BFMB11001)	201030020747.6	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11002)	201030020769.2	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11003)	201030020768.8	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11004)	201030020767.3	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11005)	201030020766.9	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020

**APPENDIX VI**
**STATUTORY AND GENERAL INFORMATION**

<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFMB11050)	201030020765.4	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11051)	201030020764.X	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11052)	201030020763.5	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11053)	201030020762.0	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11054)	201030020759.9	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11060)	201030020754.6	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11061)	201030020790.2	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11062)	201030020789.X	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11063)	201030020788.5	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFMB11064)	201030020787.0	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFTB08023)	201030020786.6	Design	Guangzhou OPLV (Note 1)	PRC	January 19, 2010	January 18, 2020
型材 (BFPD42021)	201030151039.6	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFPD51350)	201030151044.7	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFNE10601)	201030151066.3	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020

**APPENDIX VI**
**STATUTORY AND GENERAL INFORMATION**

<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFNE10602)	201030151055.5	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFNE10650)	201030151021.6	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFNE10651)	201030151014.6	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFNE10652)	201030151000.4	Design	Guangzhou OPLV (Note 1)	PRC	April 22, 2010	April 21, 2020
型材 (BFTB80606)	201030187470.6	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFTB80601)	201030187515.X	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFTB80602)	201030187527.2	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2010
型材 (BFTB80651)	201030187513.0	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFTB80652)	201030187514.5	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFTB80654)	201030187497.5	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFTB80655)	201030187500.3	Design	Guangzhou OPLV (Note 1)	PRC	May 26, 2010	May 25, 2020
型材 (BFNE80146)	201030222575.0	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020
型材 (BFNE80147)	201030222579.9	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020
型材 (BFNE80148)	201030222587.3	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020
型材 (BFNE80149)	201030222588.8	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020

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型材 (BFTB08331)	201030222590.5	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020
型材 (BFYA02952)	201030222592.4	Design	Guangzhou OPLV (Note 1)	PRC	June 30, 2010	June 29, 2020
型材 (BFTB80608)	201030290636.7	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80613)	201030290646.0	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80622)	201030290650.7	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80660)	201030290657.9	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80661)	201030290676.1	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80662)	201030290610.2	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80663)	201030290563.1	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80664)	201030290597.0	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFTB80665)	201030290606.6	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNE10609)	201030290546.8	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNE10654)	201030290548.7	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNE10655)	201030290549.1	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNE10656)	201030290514.8	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020

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型材 (BFNE10657)	201030290526.0	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNE10658)	201030290529.4	Design	Guangzhou OPLV (Note 1)	PRC	August 26, 2010	August 25, 2020
型材 (BFNL06007)	201030546763.9	Design	Guangzhou OPLV (Note 1)	PRC	September 30, 2010	September 29, 2020
型材 (BFNL06051)	201030546755.4	Design	Guangzhou OPLV (Note 1)	PRC	September 30, 2010	September 29, 2020
型材 (BFTB80607)	201030546776.6	Design	Guangzhou OPLV (Note 1)	PRC	September 30, 2010	September 29, 2020
型材 (BFNE80263)	201030546779.X	Design	Guangzhou OPLV (Note 1)	PRC	September 30, 2010	September 29, 2020
型材 (BFTB90875)	201030546751.6	Design	Guangzhou OPLV (Note 1)	PRC	September 30, 2010	September 29, 2020
型材 (BFME12001)	201030699184.8	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12002)	201030699182.9	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12003)	201030699462.X	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12004)	201030699459.8	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12005)	201030696377.8	Design	Guangzhou OPLV (Note 1)	PRC	December 24, 2010	December 23, 2020
型材 (BFME12006)	201030696373.X	Design	Guangzhou OPLV (Note 1)	PRC	December 24, 2010	December 23, 2020
型材 (BFME12007)	201030696386.7	Design	Guangzhou OPLV (Note 1)	PRC	December 24, 2010	December 23, 2020
型材 (BFME12050)	201030699432.9	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020

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型材 (BFME12051)	201030699458.3	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12053)	201030699461.5	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFME12054)	201030699435.2	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFML10156)	201030699457.9	Design	Guangzhou OPLV (Note 1)	PRC	December 28, 2010	December 27, 2020
型材 (BFTB80603)	201130014190.X	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFTB80604)	201130014212.2	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFTB80690)	201130014223.0	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFTB80691)	201130014225.X	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFTB80692)	201130014224.5	Design	Guangzhou OPLV	PRC	January 25, 2011	January 24, 2021
型材 (BFTB80693)	201130014226.4	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFTA08336)	201130054661.X	Design	Guangzhou OPLV (Note 1)	PRC	March 24, 2011	March 23, 2021
型材 (BFTB80623)	201130054650.1	Design	Guangzhou OPLV (Note 1)	PRC	March 24, 2011	March 23, 2021
型材 (BFTB80624)	201130054646.5	Design	Guangzhou OPLV (Note 1)	PRC	March 24, 2011	March 23, 2021
型材 (BFPB48005)	201130180323.0	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPB48011)	201130180329.8	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021

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型材 (BFPD04551)	201130180322.6	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPD48011)	201130180326.4	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPD48012)	201130180327.9	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPE61013)	201130180299.0	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPA08345)	201130180307.1	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPA90143)	201130180310.3	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPE61001)	201130180298.6	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPE61003)	201130180296.7	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPE61050)	201130180305.2	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
BFML10024	200730318686.X	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10021	200730318687.4	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10039	200730318689.3	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10026	200730318694.4	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10017	200730318695.9	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10016	200730318696.3	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017



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BFML10015	200730318697.8	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10014	200730318698.2	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10011	200730318700.6	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFML10012	200730318699.7	Design	Guangzhou OPLV (Note 1)	PRC	November 16, 2007	November 15, 2017
BFTB08011	200730332184.2	Design	Guangzhou OPLV (Note 1)	PRC	December 4, 2007	December 3, 2017
BFTB08012	200730332183.8	Design	Guangzhou OPLV (Note 1)	PRC	December 4, 2007	December 3, 2017
BFTB08014	200730332182.3	Design	Guangzhou OPLV (Note 1)	PRC	December 4, 2007	December 3, 2017
BFTB08015	200730332181.9	Design	Guangzhou OPLV (Note 1)	PRC	December 4, 2007	December 3, 2017
BFTB08025	200730332169.8	Design	Guangzhou OPLV (Note 1)	PRC	December 4, 2007	December 3, 2017
BFML10044	200830040510.7	Design	Guangzhou OPLV (Note 1)	PRC	January 22, 2008	January 21, 2018
BFML09002	200830040509.4	Design	Guangzhou OPLV (Note 1)	PRC	January 22, 2008	January 21, 2018
BFTB08046	200830041426.7	Design	Guangzhou OPLV (Note 1)	PRC	February 3, 2008	February 2, 2018
BFTB08061	200830041424.8	Design	Guangzhou OPLV (Note 1)	PRC	February 3, 2008	February 2, 2018
BFTB08086	200830041427.1	Design	Guangzhou OPLV (Note 1)	PRC	February 3, 2008	February 2, 2018

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型材 (BFTD08202)	200830045753.X	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08212)	200830045761.4	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08214)	200830046380.8	Design	Guangzhou OPLV (Note 1)	PRC	April 16, 2008	April 15, 2018
型材 (BFTD08234)	200830045759.7	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08254)	200830045754.4	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08215)	200830045741.7	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08235)	200830045756.3	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFTD08227)	200830045755.9	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFMD09002)	200830045746.X	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFMD09012)	200830045742.1	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFMD09019)	200830045744.0	Design	Guangzhou OPLV (Note 1)	PRC	April 11, 2008	April 10, 2018
型材 (BFMT10101)	200830048949.4	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10102)	200830048948.X	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10103)	200830048947.5	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10107)	200830048946.0	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018

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型材 (BFMT10108)	200830048945.6	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10150)	200830048944.1	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10154)	200830048943.7	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10155)	200830048942.2	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10105)	200830048941.8	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10106)	200830048940.3	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10152)	200830048939.0	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10153)	200830048938.6	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFMT10104)	200830048937.1	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05701)	200830048936.7	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05702)	200830048935.2	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05703)	200830048934.8	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05801)	200830048932.9	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05802)	200830048931.4	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018
型材 (BFPD05803)	200830048930.X	Design	Guangzhou OPLV (Note 1)	PRC	May 16, 2008	May 15, 2018

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型材 BFML10201	200830050446.0	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10202	200830050444.1	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10203	200830050437.1	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10204	200830050435.2	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10205	200830050442.2	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10206	200830050440.3	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10208	200830050443.7	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10207	200830050445.6	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10251	200830050438.6	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10252	200830050459.8	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10209	200830050458.3	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10255	200830050456.4	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10254	200830050454.5	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10253	200830050453.0	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFML10250	200830050452.6	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018

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型材 BFNE80101	200830050450.7	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80102	200830050449.4	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80150	200830050448.X	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80151	200830050447.5	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80152	200830050436.7	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80154	200830050441.8	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFNE80156	200830050439.0	Design	Guangzhou OPLV (Note 1)	PRC	June 6, 2008	June 5, 2018
型材 BFTB08042	200830054316.4	Design	Guangzhou OPLV (Note 1)	PRC	July 22, 2008	July 21, 2018
型材 (BFML10012e)	200830056377.4	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFML10012d)	200830056375.5	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFML10012f)	200830056373.6	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFML10011a)	200830056371.7	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08067)	200830056314.9	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08057)	200830056372.1	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018

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型材 (BFTB08045)	200830056370.2	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08035)	200830056360.9	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08032)	200830056331.2	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08071)	200830056313.4	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08032e)	200830056304.5	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTB08042e)	200830056303.0	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80105)	200830056354.3	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80104)	200830056358.1	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80165)	200830056352.4	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80163)	200830056351.X	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80183)	200830056385.9	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFNE80184)	200830056384.4	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材(BFTD90105)	200830056338.4	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTD90155)	200830056336.5	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTD90156)	200830056334.6	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018

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型材 (BFTD90157)	200830056333.1	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTD90112)	200830056378.9	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTA08030)	200830056376.X	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFTA08031)	200830056374.0	Design	Guangzhou OPLV (Note 1)	PRC	August 15, 2008	August 14, 2018
型材 (BFPD05014)	200830056675.3	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05028)	200830056672.X	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05062)	200830056671.5	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05054)	200830056670.0	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05512)	200830056668.3	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05514)	200830056666.4	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05534)	200830056664.5	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFPD05518)	200830056661.1	Design	Guangzhou OPLV (Note 1)	PRC	August 20, 2008	August 19, 2018
型材 (BFTD08301)	200830191833.6	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08302)	200830191828.5	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08351)	200830191827.0	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018

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<u>Patent</u>	<u>Patent No.</u>	<u>Type</u>	<u>Name of Registered Proprietor</u>	<u>Place of Registration</u>	<u>Date of Application</u>	<u>Expiry Date</u>
型材 (BFTD08352)	200830191826.6	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08366)	200830191824.7	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08368)	200830191822.8	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08355)	200830191854.8	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08308)	200830191853.3	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08362)	200830191852.9	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFTD08361)	200830191850.X	Design	Guangzhou OPLV (Note 1)	PRC	September 9, 2008	September 8, 2018
型材 (BFNE80107)	200830218290.2	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80110)	200830218284.7	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80111)	200830218283.2	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80115)	200830218282.8	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80116)	200830218280.9	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80118)	200830218277.7	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80120)	200830218276.2	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018



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<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFNE80123)	200830218255.0	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80124)	200830218253.1	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80125)	200830218250.8	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFNE80126)	200830218251.2	Design	Guangzhou OPLV (Note 1)	PRC	November 11, 2008	November 10, 2018
型材 (BFUB30101)	200830219074.X	Design	Guangzhou OPLV (Note 1)	PRC	November 19, 2008	November 18, 2018
型材 (BFUB30150)	200830219072.0	Design	Guangzhou OPLV (Note 1)	PRC	November 19, 2008	November 18, 2018
型材 (BFUB30151)	200830219071.6	Design	Guangzhou OPLV (Note 1)	PRC	November 19, 2008	November 18, 2018
型材 (BFUB30152)	200830219069.9	Design	Guangzhou OPLV (Note 1)	PRC	November 19, 2008	November 18, 2018
型材 (BFUB30153)	200830219067.X	Design	Guangzhou OPLV (Note 1)	PRC	November 19, 2008	November 18, 2018
型材 (BFNL6003)	200830219664.2	Design	Guangzhou OPLV (Note 1)	PRC	November 24, 2008	November 23, 2018
型材 (BFNL6004)	200830219663.8	Design	Guangzhou OPLV (Note 1)	PRC	November 24, 2008	November 23, 2018
型材 (BFNL6005)	200830219662.3	Design	Guangzhou OPLV (Note 1)	PRC	November 24, 2008	November 23, 2018
型材 (BFNL6050)	200830219661.9	Design	Guangzhou OPLV (Note 1)	PRC	November 24, 2008	November 23, 2018
型材 (BFNE80175)	200830220242.7	Design	Guangzhou OPLV (Note 1)	PRC	November 27, 2008	November 26, 2018
型材 (BFNE80176)	200830220241.2	Design	Guangzhou OPLV (Note 1)	PRC	November 27, 2008	November 26, 2018

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<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFNE80177)	200830220240.8	Design	Guangzhou OPLV (Note 1)	PRC	November 27, 2008	November 26, 2018
型材 (BFNE80178)	200830220239.5	Design	Guangzhou OPLV (Note 1)	PRC	November 27, 2008	November 26, 2018
型材 (BFNE80179)	200830222280.6	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNE80180)	200830222279.3	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNE80181)	200830222199.8	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNE80182)	200830222198.3	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNE80186)	200830222197.9	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNE80187)	200830222196.4	Design	Guangzhou OPLV (Note 1)	PRC	December 15, 2008	December 14, 2018
型材 (BFNL70101)	200830223414.6	Design	Guangzhou OPLV (Note 1)	PRC	December 26, 2008	December 25, 2018
型材 (BFNL70102)	200830223413.1	Design	Guangzhou OPLV (Note 1)	PRC	December 26, 2008	December 25, 2018
型材 (BFNL70150)	200830223412.7	Design	Guangzhou OPLV (Note 1)	PRC	December 26, 2008	December 25, 2018
型材 (BFNL70151)	200830223410.8	Design	Guangzhou OPLV (Note 1)	PRC	December 26, 2008	December 25, 2018
型材 (BFNL70152)	200830223411.2	Design	Guangzhou OPLV (Note 1)	PRC	December 26, 2008	December 25, 2018
型材 (BFML14001)	200930066815.X	Design	Guangzhou OPLV (Note 1)	PRC	January 9, 2009	January 8, 2019
型材 (BFML14002)	200930066814.5	Design	Guangzhou OPLV (Note 1)	PRC	January 9, 2009	January 8, 2019

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Patent	Patent No.	Type	Name of Registered Proprietor	Place of Registration	Date of Application	Expiry Date
型材 (BFML14003)	200930066813.0	Design	Guangzhou OPLV (Note 1)	PRC	January 9, 2009	January 8, 2019
型材 (BFML14004)	200930066812.6	Design	Guangzhou OPLV (Note 1)	PRC	January 9, 2009	January 8, 2019
型材 (BFML14050)	200930066811.1	Design	Guangzhou OPLV (Note 1)	PRC	January 9, 2009	January 8, 2019
型材 (BFNE90108)	200930071382.7	Design	Guangzhou OPLV (Note 1)	PRC	March 25, 2009	March 24, 2019
型材 (BFNE90109)	200930071381.2	Design	Guangzhou OPLV (Note 1)	PRC	March 25, 2009	March 24, 2019
型材 (BFTA08048)	200930076969.7	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFPD51018)	200930076967.8	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80195)	200930076965.9	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80194)	200930076964.4	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80159)	200930076963.X	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80130)	200930076962.5	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80129)	200930076961.0	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80128)	200930076960.6	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFDR04653)	200930076933.9	Design	Guangzhou OPLV (Note 1)	PRC	May 15, 2009	May 14, 2019
型材 (BFNE80198)	200930083545.3	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019

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<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFNE80250)	200930083544.9	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD51301)	200930083543.4	Design	Guangzhou OPLV	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81001)	200930083542.X	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81002)	200930083541.5	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81003)	200930083540.0	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81004)	200930083539.8	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81005)	200930083538.3	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPD81050)	200930083537.9	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFTA08327)	200930083536.4	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFTA08328)	200930083535.X	Design	Guangzhou OPLV (Note 1)	PRC	July 24, 2009	July 23, 2019
型材 (BFPB81051)	200930085621.4	Design	Guangzhou OPLV (Note 1)	PRC	August 14, 2009	August 13, 2019
型材 (BFTB090801)	200930340992.2	Design	Guangzhou OPLV (Note 1)	PRC	November 26, 2009	November 25, 2019
型材 (BFTB090802)	200930340991.8	Design	Guangzhou OPLV (Note 1)	PRC	November 26, 2009	November 25, 2019
型材 (BFTB090803)	200930340990.3	Design	Guangzhou OPLV (Note 1)	PRC	November 26, 2009	November 25, 2019
型材 (BFTB090804)	200930340989.0	Design	Guangzhou OPLV (Note 1)	PRC	November 26, 2009	November 25, 2019

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<b>Patent</b>	<b>Patent No.</b>	<b>Type</b>	<b>Name of Registered Proprietor</b>	<b>Place of Registration</b>	<b>Date of Application</b>	<b>Expiry Date</b>
型材 (BFTB090813)	200930340987.1	Design	Guangzhou OPLV (Note 1)	PRC	November 26, 2009	November 25, 2019
型材 (BFTB90130)	200930341261.X	Design	Guangzhou OPLV (Note 1)	PRC	November 30, 2009	November 29, 2019
型材 (BFTB90158)	200930341366.5	Design	Guangzhou OPLV (Note 1)	PRC	November 30, 2009	November 29, 2019
型材 (BFTB80694)	201130014221.1	Design	Guangzhou OPLV (Note 1)	PRC	January 25, 2011	January 24, 2021
型材 (BFPD48050)	201130180331.5	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021
型材 (BFPE61002)	201130180303.3	Design	Guangzhou OPLV (Note 1)	PRC	June 20, 2011	June 19, 2021



*Note 1: This patent registration is being transferred from Ms. Kuang Shunyou to Guangzhou OPLV.*

As of the Latest Practicable Date, our Group had applied for the registration of the following patents which, in the opinion of our Directors, are material to our business:

<u>Patent</u>	<u>Patent No.</u>	<u>Type</u>	<u>Name of Registered Proprietor</u>	<u>Place of Application</u>	<u>Date of Application</u>
型材 (BFNE80238)	201130463877.1	Design	Guangzhou OPLV	PRC	December 8, 2011
型材 (BFNE80206)	201130463870.X	Design	Guangzhou OPLV	PRC	December 8, 2011
型材 (BFPD05711)	201230590655.0	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFPD05713)	201230591301.8	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFPD05750)	201230590736.0	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08341)	201230590656.5	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08342)	201230590627.9	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08344)	201230590628.3	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08346)	201230590645.7	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08347)	201230590595.2	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08348)	201230590657.X	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFTB08357)	201230590840.X	Design	Guangzhou OPLV	PRC	April 30, 2012
型材 (BFNE80207)	201230601614.7	Design	Guangzhou OPLV	PRC	August 5, 2012
型材 (BFNE80264)	201230601628.9	Design	Guangzhou OPLV	PRC	August 5, 2012
型材 (BFNE80265)	201230601634.4	Design	Guangzhou OPLV	PRC	August 5, 2012
型材 (BFNE80266)	201230601622.1	Design	Guangzhou OPLV	PRC	August 5, 2012
型材 (BFNE80267)	201230601605.8	Design	Guangzhou OPLV	PRC	August 5, 2012

## (b) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Registration No.	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	300540369	6, 11, 35, 40, 42	Triplerich	Hong Kong	December 2, 2005	December 1, 2015
	300540332	6, 11, 35, 40, 42	Triplerich	Hong Kong	December 2, 2005	December 1, 2015
PanAsia Aluminium	300540387	6, 11, 35, 40, 42	Triplerich	Hong Kong	December 2, 2005	December 1, 2015
PanAsia Enterprises Group Limited	300540378	6, 11, 35, 40, 42	Triplerich	Hong Kong	December 2, 2005	December 1, 2015
	301070559	6, 20, 37	Triplerich	Hong Kong	March 12, 2008	March 11, 2018
	301070568	6, 20, 37	Triplerich	Hong Kong	March 12, 2008	March 11, 2018
	301070522	6, 20, 37	Triplerich	Hong Kong	March 12, 2008	March 11, 2018
	301070540	6, 20, 37	Triplerich	Hong Kong	March 12, 2008	March 11, 2018
澳普利发	301070577	6, 20, 37	Triplerich	Hong Kong	March 12, 2008	March 11, 2018
<sup>*</sup> AU&Y 澳阳 <sup>*</sup> AU&Y 澳陽	301202589	6, 11, 35, 40, 42	Triplerich	Hong Kong	September 17, 2008	September 16, 2018
<sup>h</sup> 澳 阳 Ao Yang <sup>h</sup> 澳 陽 Ao Yang	301109763	6, 11, 35, 40, 42	Triplerich	Hong Kong	May 6, 2008	May 5, 2018
	301202606	6, 11, 35, 40, 42	Triplerich	Hong Kong	September 17, 2008	September 16, 2018
	1089646	6, 11, 35, 40, 42	Triplerich	Australia	August 21, 2006	December 7, 2015
	1089643	6, 11, 35, 40, 42	Triplerich	Australia	August 21, 2006	December 7, 2015

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Trademark	Registration No.	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	1228123	6, 20, 37	Triplerich	Australia	October 13, 2008	March 2, 2018
	1228131	6, 20, 37	Triplerich	Australia	October 13, 2008	March 2, 2018
	1228136	6, 20, 37	Triplerich	Australia	October 13, 2008	March 2, 2018
	1228133	6, 20, 37	Triplerich	Australia	October 13, 2008	March 2, 2018
澳普利发	1228135	6, 20, 37	Triplerich	Australia	October 13, 2008	March 2, 2018
澳 阳 Ao Yang	1284331	6, 11, 35, 40, 42	Triplerich	Australia	September 21, 2009	February 9, 2019
澳 陽 Ao Yang	1239602	6, 11, 35, 40, 42	Triplerich	Australia	February 9, 2009	May 8, 2018
	1252654	6, 11, 42	Triplerich	Australia	September 15, 2009	July 21, 2018
PANASIA ALUMINIUM	TMA694,049	6, 20, 37	Triplerich	Canada	August 14, 2007	August 13, 2022
	TMA776,926	6, 20, 37	Triplerich	Canada	September 13, 2010	September 12, 2025
澳普利发	TMA766775	—	Triplerich	Canada	May 13, 2010	May 12, 2025
	TMA766784	—	Triplerich	Canada	May 13, 2010	May 12, 2025
	TMA766781	—	Triplerich	Canada	May 13, 2010	May 12, 2025
	TMA766778	—	Triplerich	Canada	May 13, 2010	May 12, 2025
	TMA766783	—	Triplerich	Canada	May 13, 2010	May 12, 2025
	1145189	6	PanAsia Aluminum (China)	PRC	January 21, 2008	January 20, 2018
	4759468	6	PanAsia Aluminum (China)	PRC	May 7, 2008	May 6, 2018



Trademark	Registration No.	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	5509162	6	PanAsia Aluminum (China)	PRC	June 14, 2009	June 13, 2019
	5622441	6	PanAsia Aluminum (China)	PRC	August 28, 2009	August 27, 2019
澳 阳 Ao Yang	6545857	6	PanAsia Aluminum (China)	PRC	March 28, 2010	March 27, 2020
	6739016	6	PanAsia Aluminum (China)	PRC	May 28, 2010	May 27, 2020
<b>AU&amp;Y</b>	6827665	6	PanAsia Aluminum (China)	PRC	April 21, 2010	April 20, 2020
<b>PANASIA</b>	6887378	6	PanAsia Aluminum (China)	PRC	May 7, 2010	May 6, 2020
<b>PANASIA</b>	6887379	11	PanAsia Aluminum (China)	PRC	July 28, 2010	July 27, 2020
<b>PANASIA</b>	6887380	35	PanAsia Aluminum (China)	PRC	October 7, 2010	October 6, 2020
<b>PANASIA</b>	6887381	42	PanAsia Aluminum (China)	PRC	September 28, 2010	September 27, 2020
<b>PANASIA</b>	6887382	40	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
	6899866	40	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
	6899867	35	PanAsia Aluminum (China)	PRC	August 21, 2010	August 20, 2020
	6899868	11	PanAsia Aluminum (China)	PRC	January 14, 2011	January 13, 2021
	6899869	6	PanAsia Aluminum (China)	PRC	September 7, 2010	September 6, 2020
<b>AU&amp;Y</b>	6899870	42	PanAsia Aluminum (China)	PRC	September 14, 2010	September 13, 2020

Trademark	Registration No.	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
<b>AU&amp;Y</b>	6899871	40	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
<b>AU&amp;Y</b>	6899872	35	PanAsia Aluminum (China)	PRC	August 21, 2010	August 20, 2020
<b>AU&amp;Y</b>	6899873	11	PanAsia Aluminum (China)	PRC	July 28, 2010	July 27, 2020
<b>AU&amp;Y</b>	6899874	6	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
澳阳	6899875	42	PanAsia Aluminum (China)	PRC	September 14, 2010	September 13, 2020
澳阳	6899876	40	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
澳阳	6899877	35	PanAsia Aluminum (China)	PRC	August 7, 2010	August 6, 2020
澳阳	6899878	11	PanAsia Aluminum (China)	PRC	July 28, 2010	July 27, 2020
澳阳	6899879	6	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
	6899880	42	PanAsia Aluminum (China)	PRC	December 28, 2010	December 27, 2020
	6899881	40	PanAsia Aluminum (China)	PRC	May 14, 2010	May 13, 2020
	6899882	35	PanAsia Aluminum (China)	PRC	August 7, 2010	August 6, 2020
	6899883	11	PanAsia Aluminum (China)	PRC	July 28, 2010	July 27, 2020
	6899884	6	PanAsia Aluminum (China)	PRC	November 14, 2010	November 13, 2020
	6899895	42	PanAsia Aluminum (China)	PRC	September 14, 2010	September 13, 2020

Trademark	Registration No.	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
澳普利发	6518657	37	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
OPLV	6518658	37	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518659	37	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518660	37	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518661	37	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518857	20	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518858	20	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518859	20	Guangzhou OPLV	PRC	May 14, 2010	May 13, 2020
OPLV	6518860	20	Guangzhou OPLV	PRC	May 14, 2010	May 13, 2020
澳普利发	6518861	20	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518862	6	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518863	6	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
	6518864	6	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
OPLV	6518865	6	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020
澳普利发	6518866	6	Guangzhou OPLV	PRC	March 28, 2010	March 27, 2020

## (d) Domain names

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our business:

<u>Domain Name</u>	<u>Name of Proprietor</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
opalmco.com	PanAsia Aluminium	June 30, 2009	June 30, 2013
paalum.com	PanAsia Aluminium	August 19, 2002	August 19, 2017
palum.com	PanAsia Aluminium	August 19, 2002	August 19, 2019
palum.com.hk	PanAsia Aluminium	September 19, 2007	October 9, 2017
palum.hk	PanAsia Aluminium	September 19, 2007	October 2, 2017
palum.cn	PanAsia Aluminium (China)	September 26, 2007	September 26, 2014
荣阳铝业.cn	PanAsia Aluminium (China)	February 3, 2012	February 3, 2014
荣阳铝业.net	PanAsia Aluminium (China)	February 3, 2012	February 3, 2014
荣阳铝业.中国	PanAsia Aluminium (China)	February 3, 2012	February 3, 2014
荣阳铝业.网络	PanAsia Aluminium (China)	February 3, 2012	February 3, 2014
荣阳铝业.公司	PanAsia Aluminium (China)	February 3, 2012	February 3, 2014
oplv.hk	PanAsia Aluminium (China)	February 2, 2010	February 2, 2014
oplv.com.cn	Guangzhou OPLV	January 5, 2008	January 5, 2016
oplv.net	Guangzhou OPLV	January 5, 2008	January 5, 2016
aopulifa.net	Guangzhou OPLV	May 13, 2010	May 13, 2014
aopulifa.com	Guangzhou OPLV	January 18, 2008	January 18, 2014
aopulifa.cn	Guangzhou OPLV	January 18, 2008	January 18, 2014
aopulifa.com.cn	Guangzhou OPLV	January 18, 2008	January 18, 2014
澳普利发.com	Guangzhou OPLV	January 18, 2008	January 18, 2014
澳普利发.net	Guangzhou OPLV	July 20, 2009	July 20, 2015
澳普利发.中国	Guangzhou OPLV	July 20, 2009	July 20, 2015
荣阳铝业.com	PanAsia Aluminium	December 28, 2000	May 1, 2015

**C. Further Information About Directors and Substantial Shareholders****1. Directors**

- (a) Disclosure of interest—interests and short positions of the Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue (but taking no account of Shares which may be sold pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), the interest or short position of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows.

*Interest in our Company*

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Securities</u>	<u>Approximate percentage of shareholding</u>
Mr. Marcus Pan <sup>(1)</sup> . . . .	Settlor of a trust	900,000,000	75%
Ms. Shao <sup>(2)</sup> . . . . .	Interest of spouse	900,000,000	75%

Notes:

- (1) Mr. Marcus Pan is the settlor of The Pan Family Trust. By virtue of the SFO, Mr. Marcus Pan is deemed to be interested in the Shares held by Easy Star.
- (2) Ms. Shao is the spouse of Mr. Marcus Pan. By virtue of the SFO, Ms. Shao is deemed to be interested in the Shares in which Mr. Marcus Pan is interested.

- (b) Particulars of service contracts

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

- (c) Directors' remuneration

Each of the executive Directors is entitled to a director's fee. Each executive Director shall be paid a remuneration on the basis of twelve months in a year. Approximately HK\$2,248,000 was paid to our Director by our Group as remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) for the year ended September 30, 2012. The current annual director's fees and remuneration of the executive Directors for the year ending September 30, 2013 (excluding any discretionary bonuses which may be paid to our executive Directors) are as follows:

<u>Name</u>	<u>Annual Director's Fee</u> <u>(approximate HK\$)</u>
Mr. Marcus Pan . . . . .	2,280,000
Ms. Shao Lidan . . . . .	2,600,000
Mr. Leung Chi Wing . . . . .	5,012,000

Each of our independent non-executive Directors has entered into a letter of appointment with us for a term of one year commencing on January 18, 2013. The appointments are subject to the provisions of retirement and rotation under our Articles of Association. We intend to pay a director's

fee of HK\$200,000, HK\$200,000 and HK\$240,000 per annum to Mr. Wong Yee Shuen Wilson, Mr. Chan Nim Leung Leon and Mr. Tsang Wah Kwong, respectively.

Under the arrangement currently in force, the aggregate remuneration payable by our Group to the Directors for the year ending September 30, 2013 will be approximately HK\$10,532,000.

Further details of the terms of the above service contracts are set out in the paragraph headed “Particulars of service contracts” in the subsection headed “Directors” in this Appendix.

## 2. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but taking into no account of Shares which may be sold pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), the following persons (other than the Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares <sup>(1)</sup>	Approximate percentage of interest in our Company immediately following the completion of the Global Offering and the Capitalization Issue
Easy Star . . . . .	Beneficial owner	900,000,000(L)	75%
Marina Star <sup>(2)</sup> . . . . .	Interest in a controlled corporation	900,000,000(L)	75%
HSBC International Trustee <sup>(2)</sup> . . . . .	Trustee of a trust	900,000,000(L)	75%
Mr. Marcus Pan <sup>(2), (3)</sup> . . . . .	Settlor of a trust	900,000,000(L)	75%
Ms. Shao <sup>(4)</sup> . . . . .	Interest of spouse	900,000,000(L)	75%

Note:

(1) The letter “L” denotes the person’s long position in the Shares.

(2) Easy Star is wholly owned by Marina Star. The entire issued share capital of Marina Star is wholly owned by HSBC International Trustee as the trustee of The Pan Family Trust. The Pan Family Trust is a discretionary family trust established by Mr. Marcus Pan, the beneficiaries of which are family members of Mr. Marcus Pan. Mr. Marcus Pan is the settlor of The Pan Family Trust.

(3) Mr. Marcus Pan is the settlor of The Pan Family Trust. By virtue of the SFO, Mr. Marcus Pan is deemed to be interested in the Shares held by Easy Star.

(4) Ms. Shao is the spouse of Mr. Marcus Pan. By virtue of the SFO, Ms. Shao is deemed to be interested in the Shares in which Mr. Pan is interested.

## 3. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting—Commission and Expenses” in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

## 4. Disclaimers

- (a) save as disclosed under the heading “—C. Further Information about Directors and Substantial Shareholders” in this Appendix or the section headed “Substantial Shareholders” of this prospectus, none of our Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock

Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

- (b) none of our Directors or experts referred to under the heading “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) save as disclosed in the section headed “Connected Transactions” of the prospectus, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) save as disclosed under the heading “—C. Further Information about Directors and Substantial Shareholders—1. Directors—(b) Particulars of service contracts” in this Appendix, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering and save as disclosed under the heading “—C. Further Information about Directors and Substantial Shareholders” in this Appendix or the section headed “Substantial Shareholders” of this prospectus, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the heading “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

## D. OTHER INFORMATION

### 1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on January 18, 2013.

#### (a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

- (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

*(b) Who may join*

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “Eligible Participants”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

*(c) Acceptance of an offer of options*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that an option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.



*(d) Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 120,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of the shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

*(e) Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such

Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (aa) the Eligible Participant's name, address and occupation;
- (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (cc) the date upon which an offer for an option must be accepted;
- (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- (ee) the number of Shares in respect of which the option is offered;
- (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
- (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
- (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

*(f) Price of Shares*

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

*(g) Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and

- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of the shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

*(h) Restrictions on the times of grant of options*

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its annual results or half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

*(i) Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or

attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

*(j) Time of exercise of option and duration of the Share Option Scheme*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

*(k) Performance target*

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

*(l) Rights on ceasing employment or death*

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

*(m) Rights on dismissal*

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

*(n) Rights on takeover*

If a general offer is made to all the shareholders (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

*(o) Rights on winding-up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our

Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

*(p) Rights on compromise or arrangement between our Company and its members or creditors*

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

*(q) Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

*(r) Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

(t) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by shareholders in general meeting.

*(u) Cancellation of options*

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (m).

*(v) Termination of the Share Option Scheme*

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

*(w) Administration of the Board*

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

*(x) Condition of the Share Option Scheme*

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

*(y) Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

*(z) Present status of the Share Option Scheme*

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

The Share Option Scheme complies with Chapter 17 of the Listing Rules. Any adjustment to be made to the exercise price of, and/or the number of Shares subject to, any options to be granted under the Share Option Scheme will comply with the supplemental guidance on adjustments to the exercise price and number of share options under the Listing Rule requirements issued by the Stock Exchange on September 5, 2005 and any future guidance or Listing Rules' interpretation from time to time.

## **2. *Estate duty***

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in Hong Kong or any other relevant jurisdiction in which one or more of the companies comprising our Group are incorporated.

## **3. *Tax and other indemnities***

Mr. Marcus Pan and Easy Star have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in paragraph (c) of the sub-section headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Global Offering becomes unconditional.

## **4. *Litigation***

Save as disclosed in the section headed "Business—Legal Proceedings" of this prospectus, as of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

## **5. *Joint Sponsors***

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme). All necessary arrangements have been made to enable the securities to be admitted into CCASS.

## **6. *Preliminary expenses***

The estimated preliminary expenses incurred by our Company are approximately HK\$220,605.

## **7. *Promoter***

Our Company has no promoter for the purposes of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.



**8. Taxation of holders of Shares***(a) Hong Kong*

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

*(b) Cayman Islands*

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

*(c) Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Underwriters or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

**9. Qualification of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualifications</u>
HSBC Corporate Finance (Hong Kong) Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activities under the SFO
J.P. Morgan Securities (Far East) Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Jingtian & Gongcheng	PRC legal advisers
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
DSL Lawyers	Macau legal advisers
Savills Valuation and Professional Services Limited	Property valuer
Allied Business Intelligence, Inc.	Industry Consultant
ICIS Services Pte Ltd	Industry Consultant

**10. Consents of experts**

Each of the experts named in paragraph 9 of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

**11. Interests of experts in our Company**

None of the persons named in paragraph 9 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

**12. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

**13. Miscellaneous**

- (a) Save as disclosed in the section headed “History, Reorganization and Corporate Structure” of this prospectus or in this Appendix, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2012 (being the date to which the latest audited combined financial statements of our Group were made up);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Royal Bank of Canada Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services

Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
- (g) our Directors have been advised that, under the Cayman Islands Companies Law, the use of a Chinese name by our Company does not contravene the Cayman Islands Companies Law.

#### 14. *Particulars of the Selling Shareholder*

The particulars of the Selling Shareholder are as follows:

<u>Name of Selling Shareholder</u>	<u>Description</u>	<u>Registered Address</u>	<u>Number of Sale Shares</u>
Easy Star .....	Corporation	Portcullis TrustNet Chambers P.O. Box 3444, Road Town Tortola British Virgin Islands	45,000,000 (Note)

*Note: Assuming that the Over-allotment Option is exercised in full.*

#### 15. *Bilingual Prospectus*

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**Documents Delivered to the Companies Registry**

The documents attached to this prospectus and delivered to the Companies Registry in Hong Kong for registration were, amongst other documents:

- (a) copies of the **WHITE, YELLOW** and **GREEN** application forms;
- (b) the written consents referred to in the section headed “Statutory and General Information—D. Other Information” in Appendix VI to this prospectus; and
- (c) copies of the material contracts referred to in the section headed “Statutory and General Information—B. Information about Our Business” in Appendix VI to this prospectus.

**Documents Available for Inspection**

Copies of the following documents will be available for inspection at the offices of Sidley Austin, Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report received from PricewaterhouseCoopers relating to the unaudited pro forma financial information of our Group, the texts of which are set out in Appendix II to this prospectus;
- (d) the letters relating to the profit forecast from PricewaterhouseCoopers and the Joint Sponsors respectively, the texts of which are set out in Appendix III to this prospectus;
- (e) the letter and valuation certificate relating to our property interests prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in Appendix IV to this prospectus;
- (f) the PRC legal opinion(s) dated the prospectus date issued by Jingtian & Gongcheng, our legal advisers on the PRC law;
- (g) the audited combined financial statements of the Group for the three years ended September 30, 2012;
- (h) our Share Option Scheme;
- (i) the material contracts referred to in the section headed “Statutory and General Information—B. Information about Our Business—1. Summary of Material Contracts” in Appendix VI to this prospectus;
- (j) the written consents referred to in the section headed “Statutory and General Information—D. Other Information—10. Consents of Experts” in Appendix VI to this prospectus;
- (k) the service agreements referred to in the section headed “Statutory and General Information—C. Further Information about Directors and Substantial Shareholders—1. Directors—(b) Particulars of service contracts” in Appendix VI to this prospectus;

- (l) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarizing certain aspects of the Cayman Islands Companies Law as referred to in Appendix V to this prospectus;
- (m) the Cayman Islands Companies Law;
- (n) the research report prepared by Allied Business Intelligence, Inc. entitled “Mobile Device Landscape” relating to, among others, information concerning the global mobile device casing industry;
- (o) the report prepared by ICIS Services Pte Ltd entitled “China Aluminum Alloy Extrusion Product Market Study” relating to, among others, information concerning the aluminum extrusion products industry; and
- (p) a statement of particulars of the Selling Shareholder.



榮陽實業集團有限公司  
PanAsialum Holdings Company Limited

