Application for the continuation of dumping and countervailing duty notices

Aluminium extrusions exported from China

27 March 2015

Declaration

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* that the Minister:

☑ continue a dumping duty notice, or

☑ continue a countervailing duty notice, or

☐ continue the undertaking given under the *Customs Act 1901* by

(Name of company or organisation)

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature			
Name	Tony Dragicevich		
Position	CEO and Managing Director		
Company	Capral Limited		
ABN	78 004 213 692	Date	27 / 03 / 2015

Required information

1. Applicant

Provide the name, street and postal address of the applicant seeking the continuation.

Name	Capral Limited
Address	Level 4, 60 Phillip Street Parramatta NSW 2150

2. Contact persons

Provide the details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

Capral contact

Name	Andrew Barlow	
Position	Group Commercial Manager	
Telephone	(02) 9682 0967	m 0404 818 264
Facsimile	(02) 9682 0777	
E-mail	Andrew.Barlow@capral.com.au	

Capral's representative

Name	Justin Wickes
Business	Wickes & Associates Pty Ltd
Address	PO Box 922 Gungahlin ACT 2912
Telephone	0438 700 570
E-mail	justin@wickes.com.au

A copy of the authorisation for Capral's representative is at Attachment A. All correspondence should be directed to our representative in the first instance.

3. Other interested parties

Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.

Australian industry

There are eight other Australian manufacturers of aluminium extrusions.

Company	Address	Telephone/Fax
Almax Aluminium Pty Ltd	87 Trade Street Lytton QLD 4178 http://www.almax.net.au	Tel: 07 3906 6000 Fax: 07 3906 6066
Aluminium Profiles Australia Pty Ltd (APA)	25-31 Licola Crescent Dandenong South VIC 3175 http://www.aluminiumprofiles.com.au	Tel: 03 9768 5000 Fax: 03 9768 5050
Aluminium Shapemakers Pty Ltd (AluShapes)	7 Warringah Close Somersby Industrial Park Somersby NSW 2250 http://www.alushapes.com.au	Tel: 02 4340 4344 Fax: 02 4340 4348
Extrusions Australia Pty Ltd	25-28 Andretti Court Truganina VIC 3026 http://www.extrusions.com.au	Tel: 03 8348 9300 Fax: 03 8348 9301
G James Extrusion Co Pty Ltd	1082 Kingsford Smith Drive Eagle Farm QLD 4009 http://gjames.com	Tel: 07 3877 2833 Fax: 07 3877 2890
Independent Extrusions Pty Ltd (Inex)	33-39 Licola Crescent Dandenong South VIC 3175 http://www.inex.co.nz	Tel: 03 9768 0000 Fax: 03 9768 2748
Olympic Aluminium Co Pty Ltd	606 Ballarat Road Sunshine VIC 3020 http://www.olympicaluminium.com	Tel: 03 8361 2122 Fax: 03 9363 6643
Ullrich Aluminium Pty Ltd	20 Ron Boyle Crescent Carole Park QLD 4300 http://www.ullrich.com.au	Tel: 07 3718 1400 Fax: 07 3271 1230

Exporters

In the current review of the measures (Review 248) the Anti-Dumping Commission (the Commission) identified approximately 270 possible Chinese exporters of aluminium extrusions. The Commission conducted a sampling exercise and received 28 responses to the preliminary information request. The Commission selected four exporters for investigation, representing around 85% of the total import volume from China. The selected exporters are identified in the table below. Details of the remaining residual exporters can be found on electronic public record (EPR) 248.

Company	Address	Telephone/Fax
Guang Ya Aluminium Industries Co., Ltd	Bai-sha Bridge Guanyo, Shishan Town Nanhai District, Foshan City Guangdong Province People's Republic of China http://en.guangyaal.com	Tel: +86 757 8588 3338 Fax: +86 757 8589 7019
Tai Shan City **Kam Kiu** Aluminium Extrusion Co., Ltd	Shiqiao Industrial Zone Daijang County, Taishan City Guangdong Province People's Republic of China http://www.kamkiu.com/en/index.asp	Tel: +86 750 543 8596 Fax: +86 750 543 8173
PanAsia Aluminium (China) Ltd	Tangerine Garden, Guangshan Road Licheng Town, Zengcheng City Guangdong Province People's Republic of China http://www.palum.com	Tel: +853 2871 7031 Fax: +853 2871 7003
Guangdong **Zhongya** Aluminium Extrusion Co., Ltd	Asia Aluminium Industrial City New and High-Tech Industrial Development Zone, Zhaoqing Guangdong Province People's Republic of China	Tel: +86 758 3626 821 Fax: +86 758 3626 809

Importers

The parties that deal with imports from the four selected exporters in Review 248 are identified in the table below.

Company	Supplier	Address	Telephone/Fax
Darley Aluminium Trading Pty Ltd	Zhongya	8 Tyrone Place Erskine Park NSW 2759 http://www.darleyaluminium.com.au	Tel: 02 8887 2888 Fax: 02 9834 3244
Kam Kiu (Australia) Pty Ltd	Kam Kiu	Suite 6, 1175 Toorak Road Camberwell VIC 3124 http://kamkiu.com.au	Tel: 03 9889 4899 Fax: 03 9889 4891
Success Aluminium Pty Ltd	PanAsia	2/15 Bennett Street Chester Hill NSW 2162 http://www.pandoalum.com.au	Tel: 02 9724 1568 Fax: 02 9724 5722
Trango Aluminium Pty Ltd	Guang Ya	108 Toongabbie Road Girraween NSW 2145 http://www.trangoaluminium.com.au	Tel: 02 9636 3300 Fax: 02 9631 1400

End users

There are a large number of end users of aluminium extrusions. During the original investigation Customs visited the four end users identified in the table below. Details of other end users who provided submissions to the original investigation can be found on EPR 148.

Company	Address	Telephone/Fax
Aluminium Specialties Group Pty Ltd (ALSPEC)	3 Alspec Place Eastern Creek NSW 2766 http://www.alspec.com.au	Tel: 02 9834 9500 Fax: 02 9834 9533
Boral Limited	Level 3 40 Mount Street North Sydney NSW 2060 http://www.boral.com.au	Tel: 02 9220 6300 Fax: 02 9233 6605
Bradnam's Windows and Doors Pty Ltd	136 Zillmere Road, Boondall QLD 4034 http://www.bradnams.com.au	Tel: 07 3131 3777 Fax: 07 3014 0158
JELD-WEN Australia Pty Ltd	Truganini Cottage 38-46 South Street Rydalmere NSW 2116 https://www.jeld-wen.com.au	Tel: 02 9684 3400 Fax: 02 9898 1699

4. Reasons for seeking continuation

The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the "Guidelines for Preparing an Application for Continuation of Measures" for assistance.

Continuation of dumping

The dumping duty notice was published in October 2010 (see section 5 below for details of the measures), however exports from China to Australia have continued in significant volume despite the imposition of the measures.

PanAsia is the largest exporter of extrusions to Australia and estimates that it accounts for around half of all exports to Australia.[1] In 2013 PanAsia maintained its market share and recorded revenue growth in Australia despite depreciation of the Australian Dollar (AUD),[2] and maintained this market share and revenue level into 2014.[3] Exports from PanAsia to Australia were originally subject to dumping duties of 10.1%, however as a result of the Commission's recent anti-circumvention inquiry (Inquiry 241) exports from PanAsia are now subject to dumping duties of 57.6%.[4]

The fact that the dumping margin for the largest exporter to Australia has just increased from 10% to almost 60% is a clear indication that dumping is continuing and would continue further should the dumping duty notice be allowed to expire.

We also note that the dumping margins for other exporters are currently under review (Review 248) and that all exporters will have their dumping duties revised in the coming months as a result. Furthermore, the Australian dollar has depreciated by around 15% since the review period, which will impact dumping margins in the most recent 12-month period and increase the likelihood of dumping in the future.

Continuation of subsidisation

The countervailing duty notice was published in October 2010 (see section 5 below for details of the measures) and covers 19 countervailable subsidy programs. Analysis of the most recent version of the subsidies register on the Commission's website[5] confirms that 15 of these 19 programs have subsequently been found to also confer a benefit on other goods produced in China, as shown in the following table.

---

[1] PanAsia global share offering extract at Attachment B

[2] PanAsia 2013 annual results extract at Attachment C

[3] PanAsia 2014 interim results at Attachment D (PanAsia's full year 2014 results are not yet available)

[4] Anti-Dumping Notice No. 2015/17 refers

[5] Dated 20 May 2014 at http://www.adcommission.gov.au/reference-material/subsidies-register.asp

Investigation	**Aluminium extrusions**	**HSS**	**Aluminium road wheels**	**Coated steel**	**Steel plate**
Report year	2010	2012	2012	2013	2013
Report number	REP 148	REP 177	REP 181	REP 193	REP 198
Program name	**Program number**				
Aluminium for LTAR	Program 15	-	Program 1	-	-
Famous brands of China	Program 2	Program 2	Program 40	Program 12	Program 13
Grants for headquarters with foreign investment	Program 35	Program 18	Program 21	Program 20	Program 21
Innovative experimental enterprise grant	Program 26	Program 15	Program 36	Program 17	Program 18
Matching funds for SMEs for market development	Program 5	Program 5	Program 35	Program 13	Program 14
Patent award of Guangdong Province	Program 8	Program 8	Program 29	Program 16	Program 17
Preferential tax policies for FIEs in Pudong	Program 17	Program 12	-	Program 7	Program 8
Preferential tax for FIEs in economic zones	Program 1 Program 16	Program 1 Program 11	Program 6 Program 9	Program 4 Program 6	Program 5 Program 7
Reduced tax rate for FIEs operating for 10 years	Program 10	Program 10	Program 7	Program 5	Program 6
R&D assistance grant	Program 7	Program 7	-	Program 15	Program 16
Special support fund for non-SIEs	Program 29	Program 16	Program 37	Program 18	Program 19
Superstar enterprise grant	Program 6	Program 6	Program 39	Program 14	Program 15
VAT/tariff exemptions on imported equipment	Program 21	Program 14	Program 31	Program 11	Program 12
Venture investment fund of hi-tech industry	Program 32	Program 17	Program38	Program 19	Program 20

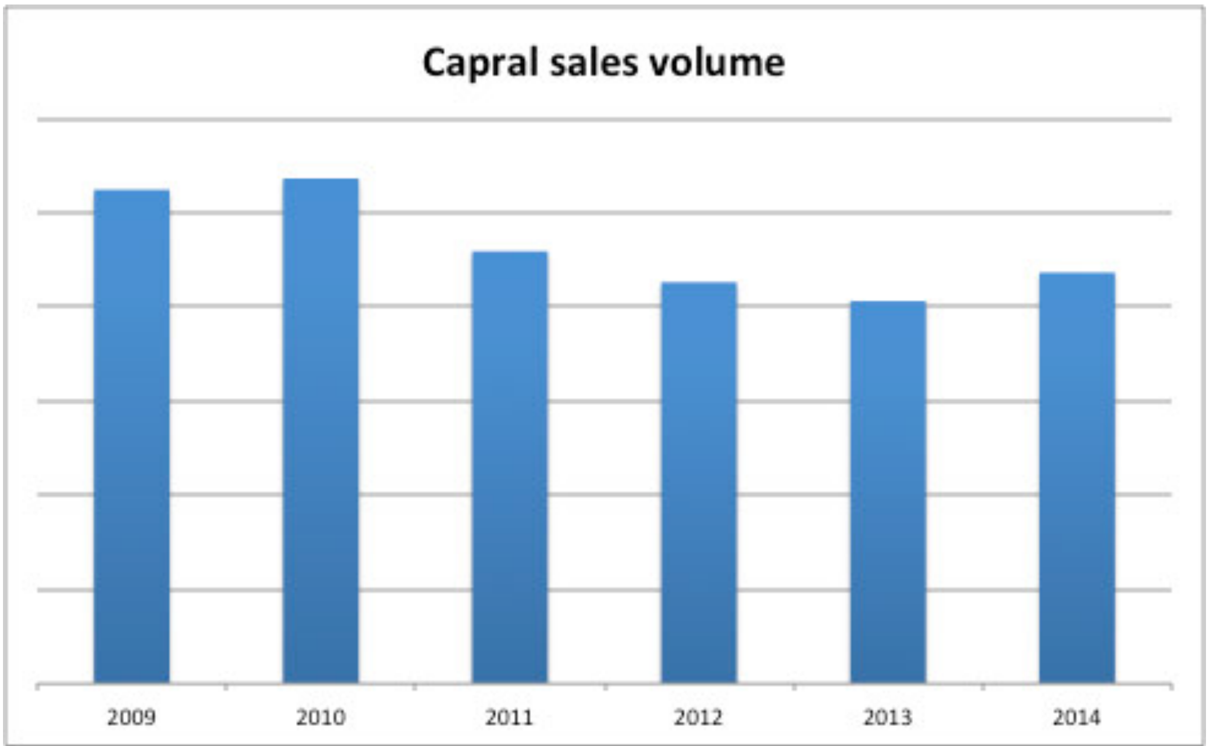
In additional to the original 19 programs, the Commission is currently investigating a further 18 programs in Review 248. As part of this review, some exporters declared receipt of benefits under some of these programs in their responses to the exporter questionnaire submitted in August 2014.

The fact that the majority of countervailable subsidy programs covered by the measures have been found to still be in existence, and exporters of aluminium extrusions have recently declared receipt of benefits under other subsidy programs, is a clear indication that subsidisation is continuing and would continue further should the countervailing duty notice be allowed to expire.

Continuation of injury caused by dumping and subsidisation

Material injury from dumped and subsidised Chinese imports commenced as early as 1998 and was found to have occurred during the original investigation period of July 2008 to June 2009. Provisional anti-dumping measures were imposed on Chinese extrusions in November 2009, followed by the imposition of dumping and countervailing duties for five years from October 2010.

The Australian industry has not recovered as would be expected following the imposition of measures. In fact, Capral's sales volume has continued to decline since measures were imposed, as demonstrated by the following chart.[6]



Conversely, China continues to be the main source of imports into Australia. We submit that this is at least in part due to the fact that importers supplied by the largest Chinese exporter have been circumventing the duties, as the Commission recently found. Circumvention of the duties has enabled the importers to continue to undercut the Australian industry's prices, causing the ongoing injury to the industry. In our application that led to Inquiry 241 we provided ample evidence of price undercutting in the Australian market by imported extrusions from China.[7]

The fact that significant circumvention of the measures has enabled Chinese exports to continue to cause injury to the Australian industry is a clear indication that material injury caused by dumping and subsidisation is continuing and would continue further should the dumping and countervailing duty notices be allowed to expire.

[6] The sales volume for 2014 has been normalised to account for Capral's acquisition of a new business.

[7] Application for anti-circumvention inquiry, Attachments B.5 to B.15

5. Details of the measures

The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:

- *tariff classification*
- *the countries or companies, and*
- *specified date of publication of the measure.*

This application covers a dumping duty notice issued under s.269TG(2) and a countervailing duty notice issued under s.269TJ(2). Both notices were published on 28 October 2010 and cover all exporters of aluminium extrusions from China except Tai Ao Aluminium Tai Shan Co. Ltd.

The notices describe the goods as "certain aluminium extrusions (the goods), classified to tariff subheading 7604.00.00, 7608.00.00 and 7610.00.00 in Schedule 3 of the *Customs Tariff Act 1995* exported to Australia from the People's Republic of China".[8]

The notices refer to Trade Measures Report No. 148 (REP 148), which further states that the goods are:

> Aluminium extrusions produced via an extrusion process, of alloys having metallic elements falling within the alloy designations published by The Aluminum Association commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being as extruded (mill), mechanical, anodized 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 metre of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm.[9]

The specific tariff classifications to which the notices apply are listed in REP 148:

Reference Number	Stat Code	Goods
7604.10.00	06	Non-alloyed aluminium bars, rods and profiles
7604.21.00	07	Alloyed aluminium hollow profiles—Angles, other shapes and sections
7604.21.00	08	Alloyed aluminium hollow profiles—Other
7604.29.00	09	Alloyed aluminium non-hollow profiles—Angles, other shapes and sections
7604.29.00	10	Alloyed aluminium non-hollow profiles—Other
7608.10.00	09	Non-alloyed aluminium tubes and pipes
7608.20.00	10	Alloyed aluminium tubes and pipes
7610.10.00	12	Aluminium doors, windows and their frames and thresholds for doors
7610.90.00	13	Aluminium plates, rods, profiles, tubes and the like prepared for use in structures; and other aluminium structures and parts of structures

[8] Notices made under s.269TG(1)/(2) and s.269TJ(1)/(2) of the *Customs Act 1901* and signed by the Attorney –General on 21 October 2010, published in Trade Measures Report No. 148, pp.2-5

[9] REP 148, p.18

Attachment A

CAPRAL

Capral Limited
ABN 78 004 213 692

Parramatta Office
Level 4, 10 Smith Street, Parramatta, NSW 2150
PO Box 209, Parramatta CBD BC, NSW 2124
T 02 9682 0967 **F** 02 8222 0130
www.capral.com.au

Authority to deal with Representative - Capral

I, Andrew Barlow, National Commercial Manager - Manufacturing, Capral Ltd, a member of the Australian industry manufacturing aluminium extrusions, and with respect to ongoing dumping/countervailing review matters have engaged a representative:

Justin Wickes, Anti-dumping Specialist, Wickes & Associates

I agree that Customs may deal directly with Capral's representative, including for the release of confidential information.

Signed:

Dated: 30 November, 2012

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)					
Revenue						
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%
Total	1,366.9	100.0%	2,090.6	100.0%	2,437.0	100.0%

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.

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%
Total	291.9	21.4%	504.7	24.1%	614.9	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.

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 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 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,
	2010	2011	2012	2012
P & O Companies trade receivables turnover days(1)	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.

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)					
Gross profit and gross profit margin						
Markets affected by duties						
North America	17.1	14.3%	7.0[1]	13.1%	3.1[2]	6.2%
Former subsidiaries[3]	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[4]	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%
Unaffected markets						
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[5]	0.3	3.1%	2.2	6.5%	1.9	3.6%
Total	291.9	21.4%	504.7	24.1%	614.9	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.

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)					
Gross profit and gross profit margin of Australia sales						
Prior to imposition of duties						
All goods	121.7	30.8%	—	—	—	—
Post imposition of duties						
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	—(1)	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	202.1	29.8%	234.5	32.0%	207.1	28.3%

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 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)
Gross profit	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
Operating profit	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)
Profit before income tax	94,926	274,350	379,314
Income tax expense	(8,246)	(14,058)	(22,226)
Profit for the year	86,680	260,292	357,088
Currency translation differences	(5,479)	9,649	487
Total comprehensive income for the year	81,201	269,941	357,575
Profit attributable to:			
Equity holders of the Company	86,680	260,292	357,088
Total comprehensive income attributable to:			
Equity holders of the Company	81,201	269,941	357,575

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.

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(1)	Not less than HK$232.9 million
Unaudited *pro forma* forecast earnings per Share for the six months ending March 31, 2013(2)	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)	
Changes in profit forecast for the six months ending March 31, 2013	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.

Global Offering Statistics[(1)(4)]

	Based on an Offer Price of HK$3.46 per Share	Based on an Offer Price of HK$4.50 per Share
Market capitalization of our Shares[(2)]	HK$4,152 million	HK$5,400 million
Unaudited *pro forma* adjusted net tangible asset value per Share[(2)(3)]	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.

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, 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.

Attachment C

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2078)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

Financial Highlights

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

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

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

- Basic earnings per share for the year ended 30 September 2013 amounted to 19 HK cents (year ended 30 September 2012: 40 HK cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Business and Financial Overview

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

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

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

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

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

Electronics Parts

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

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

Construction and Industrial Products

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

Branded OPLV Products

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

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

Cost of sales

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

Gross profit

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

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

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

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

Distribution and selling expenses

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

STRATEGIC PUBLIC RELATIONS GROUP
縱橫公共關係顧問集團

Attachment D

[For Immediate Release]

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

PANASIALUM ANNOUNCES 2014 INTERIM RESULTS

(Hong Kong, 19 May 2014) – **PanAsialum Holdings Company Limited** ("PanAsialum" or the "Group") (stock code: 2078), an aluminium products manufacturer based in Guangdong Province, PRC today announced its unaudited interim results for the six months ended 31 March 2014 (the "Current Period").

The first half of the current financial year was a challenging period for PanAsialum. The Group recorded a substantial loss on purchase contracts on aluminium ingots attributable to the weak performance of the Chinese economy. In addition, the widening price gap of aluminium ingots between China and overseas benchmarks and weak orders for products with higher profit margins adversely affected the Group's profit margin. Moreover, the significant downward adjustment of the Australian dollar and increased head count and preparation costs needed for the relocation of the Group's production facilities to Nanyang City, Henan Province, PRC ("Nanyang") also contributed to the negative performance.

During the Current Period, the Group managed to increase its revenue by 11% to HK$1,432 million (for the six months ended 31 March 2013 ("2013 Period"): HK$1,293 million) due to the continued dedication of the employees in difficult times. Nevertheless, the overall challenging business environment generated a negative impact on the Group's performance. Gross profit amounted to HK$248 million (2013 Period: HK$388 million); gross profit margin was 17% (2013 Period: 30%). Profit attributable to equity owners of the Group decreased 52% to HK$120 million (2013 Period: HK$249 million). Basic earnings per share amounted to 10 HK cents (2013 Period: 25 HK cents).

Business Review

Electronics Parts

Revenue of the electronics parts ("Electronics Parts") segment amounted to HK$767 million, accounting for 54% of the Group's total revenue. The trend of weak orders for products with higher profit margin during the second half of the last financial year has continued into the first quarter of the Current Period, leading to an increase in the Group's fixed production cost and operating expenses that were not absorbed by the increase in orders for new Electronics Parts as originally expected. Although the decrease in sales in higher profit margin products was offset to some extent by the orders for products with lower profit margins, the gross profit margin of the Electronics Parts segment has declined from 33% for the 2013 Period to 21% for the Current Period.

Construction and Industrial Products

The revenue and gross profit margin of the construction and industrial products ("Construction and Industrial Products") segment were HK$520 million (2013 Period: HK$479 million) and 12% (2013 Period: 27%) for the Current Period respectively. The segment also experienced an increase in revenue and a decrease in gross profit in the Current Period. The Group had maintained its market share in Australia and revenue from the Australian market was at a similar level as compared to the 2013 Period. As the selling price of the Group's products to the Australian market was quoted in Australian Dollar, the weaker Australian Dollar in the Current Period as compared to the 2013 Period has reduced the gross profit margin of the Construction and Industrial Products.

Branded OPLV Products

The Group had continued to develop its branded OPLV products ("Branded OPLV Products") market in Mainland China by engaging more distributors. The Group's fixed production cost rose due to factors such as an increased workforce during the Current Period; therefore, the gross profit margin of Branded OPLV Products dropped from 26% to 18% despite an increase in the revenue from HK$134 million for the 2013 Period to HK$145 million.

Prospects

Sales of Electronics Parts with a higher profit margin have gradually picked up since the second quarter of the current financial year. Going forward, the Group will strive to continue to capture opportunities in the Electronics Parts business by widening its customer base, developing new products and further strengthening relationship with major customer.

As for Construction and Industrial Products, the Group expects the sales to Australia will remain stable and the Group will continue to develop new customers in Hong Kong, Macau and other regions.

The Group also aims to further penetrate the Mainland China market for Branded OPLV Products and expand the Group's distribution network in areas beyond its existing coverage. The current growth momentum of Branded OPLV Products sales is expected to continue and its profit margin will improve.

The Group has acquired land with an area of approximately 800,000 square meters in Nanyang in the first half of 2014 and has started relocation of production facilities to Nanyang since December 2013. Relocation is to continue upon completion of the first phase of the construction works on the newly acquired land.

The Management concluded, "Despite uncertainties ahead, we are optimistic that the transition period of the Chinese economy, the downward adjustment of the Australian Dollar, and the disadvantageous price gap between China benchmark price and London Metal Exchange would all be gradually stabilised and shift to a direction favourable to the Group's performance."

– End –

About PanAsialum Holdings Company Limited (Stock Code: 2078)

PanAsialum Holdings Company Limited ("PanAsialum") is an aluminium products manufacturer based in Guangdong Province, PRC. The Company currently manufactures three categories of products: 1) Electronics Parts – aluminium parts for some of the world's most popular portable consumer electronics products, such as heat sinks and chassis for computers; 2) Construction and Industrial Products – products sold for construction and industrial use, such as window and door frames, curtain walls, guardrails, body parts for transportation, mechanical and electrical equipment and consumer durable goods; and 3) Branded OPLV Products – mid-range to high-end integrated aluminium door and window systems marketed under "OPLV" brand and sold through distributors. The Company has established customers and market presence in Mainland China and Hong Kong as well as export markets including Australia, Canada and South Africa. For details, please visit http://www.palum.com/

For press enquiries:

Strategic Financial Relations Limited

Keris Leung	+852 2864 4863	keris.leung@sprg.com.hk
Angela Ng	+852 2864 4855	angela.ng@sprg.com.hk
Miranda Xie	+852 2864 4862	miranda.xie@sprg.com.hk

Fax: 2527 1196