



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

INTERIM  
REPORT  
2020



This Interim Report is printed on environmentally friendly paper

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# Corporate Information

## **DIRECTORS**

### **Executive Directors**

Ms. Li Jiewen  
(Chief Executive Officer)  
Mr. Pan Zhaolong  
Mr. Gao Mingjie

### **Independent Non-executive Directors**

Mr. Mar Selwyn  
Mr. Leung Ka Tin  
Dr. Cheung Wah Keung  
(Independent Non-Executive Chairman)  
Mr. Chan Kai Nang

## **BOARD COMMITTEES**

### **Audit Committee**

Mr. Mar Selwyn (Chairman)  
Mr. Leung Ka Tin  
Dr. Cheung Wah Keung  
Mr. Chan Kai Nang

### **Remuneration Committee**

Dr. Cheung Wah Keung (Chairman)  
Ms. Li Jiewen  
Mr. Leung Ka Tin  
Mr. Chan Kai Nang

### **Nomination Committee**

Mr. Leung Ka Tin (Chairman)  
Dr. Cheung Wah Keung  
Mr. Chan Kai Nang  
Mr. Pan Zhaolong

## **AUTHORIZED REPRESENTATIVES**

Mr. Pan Zhaolong  
Ms. Li Jiewen

## **COMPANY SECRETARY**

Ms. Kwok Ka Huen

## **REGISTERED OFFICE**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## **STOCK CODE**

2078

## **PLACE OF LISTING**

The Stock Exchange of Hong Kong Limited  
("Exchange")

# Corporate Information

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 05, 17th Floor, Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon,  
Hong Kong

## PRODUCTION BASES IN PEOPLE'S REPUBLIC OF CHINA ("PRC")

Tangerine Garden  
Guangshan Road  
Licheng Town  
Zengcheng, Guangzhou  
Guangdong Province  
PRC

Long Sheng Industrial Area  
No. 6 Long Sheng Road  
Wolong District  
Nanyang City  
Henan Province  
PRC

Dong Fang Xi Wang Aluminium  
Industrial Garden  
Wu Cai Wan  
ZhunDong Economic and  
Technology Development Zone  
Changji City  
Xinjiang Province  
PRC

## PRINCIPAL SHARE REGISTRAR

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor,  
24 Shedden Road,  
P.O. Box 1586,  
Grand Cayman, KY1-1110,  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL BANKERS

Agricultural Bank of China  
China CITIC Bank, Nanyang Branch  
Bank of Communications, Nanyang Branch  
Bank of China Macau branch  
Guangzhou Rural Commercial Bank,  
Zengcheng Branch  
Guangzhou Rural Commercial Bank,  
Jiangmen Branch

## INDEPENDENT AUDITOR

BDO Limited

## LEGAL ADVISER

Jeffrey Mak Law Firm | JML

## WEBSITE

[www.palum.com](http://www.palum.com)

Note: Information in this section is as the date of this report.

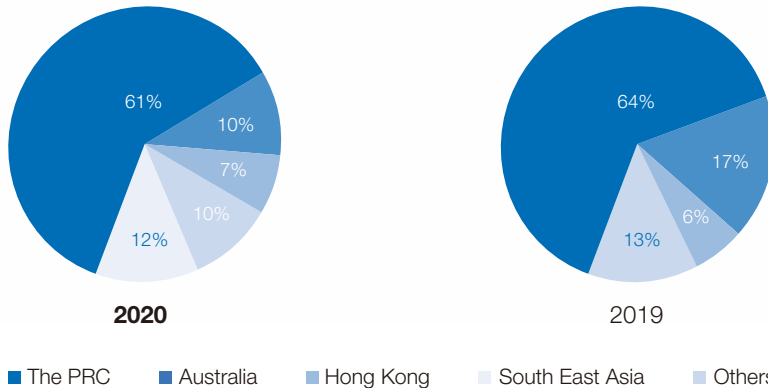
## Financial Highlights and Key Financial Ratios

	For the six months ended June 30,		
	2020 (Unaudited)	2019 (Unaudited)	Change in %
Revenue	<b>HK\$885 million</b>	HK\$736 million	20.2%
Loss attributable to owners of the Company	<b>(HK\$145 million)</b>	(HK\$215 million)	32.6%
Gross Profit Margin	<b>6.9%</b>	4.2%	64.3%
Loss per Share (HK cents)	<b>(12.1)</b>	(17.9)	
Return on equity	<b>(142.7%)</b>	(40.3%)	
Interest Coverage Ratio	<b>(1.80)</b>	(2.3)	

	As at June 30, 2020 (Unaudited)	As at December 31, 2019 (Audited)
	Current Ratio	<b>0.66</b>
Quick Ratio	<b>0.44</b>	0.44
Gearing Ratio	<b>1,512.5%</b>	630.6%
Debt to Equity Ratio	<b>1,497.8%</b>	624.1%

# Financial Highlights and Key Financial Ratios

## ANALYSIS OF REVENUE BY GEOGRAPHICAL LOCATIONS



- (1) The calculation of Gross Profit Margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of Return on Equity is based on profit attributable to owners of the Company for the Period divided by equity attributable to owners of the Company and multiplied by 100%.
- (3) The calculation of Interest Coverage Ratio is based on profit before interest and tax expenses divided by finance costs.
- (4) The calculation of Current Ratio is based on current assets divided by current liabilities.
- (5) The calculation of Quick Ratio is based on current assets less inventories divided by current liabilities.
- (6) The calculation of Gearing Ratio is based on total borrowings divided by total equity multiplied by 100%.
- (7) The calculation of Debt to Equity Ratio is based on total borrowings less cash and cash equivalents divided by total equity multiplied by 100%.

The Board of Directors (“**Directors**”) of the Company (“**Board**”) did not declare an interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

# Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2020

		Unaudited June 30, 2020 HK\$'000	Audited December 31, 2019 HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	954,030	1,009,088
Right-of-use assets		328,155	290,989
Investment property		11,255	11,496
Deposits and lease prepayments		593	609
Prepayments for property, plant and equipment		53,595	59,570
		<u>1,347,628</u>	<u>1,371,752</u>
<b>Current assets</b>			
Inventories		299,789	222,146
Trade and bills receivables	8	376,791	383,891
Prepayments, deposits and other receivables		102,528	118,304
Pledged bank deposits		91,912	47,950
Cash and cash equivalents		14,990	15,923
		<u>886,010</u>	<u>788,214</u>
<b>Total assets</b>		<u><u>2,233,638</u></u>	<u><u>2,159,966</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	9	120,000	120,000
Reserves		(18,126)	123,242
<b>Equity attributable to owners of the Company</b>		<u>101,874</u>	<u>243,242</u>

# Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2020

		Unaudited June 30, 2020 HK\$'000	Audited December 31, 2019 HK\$'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10	789,268	622,706
Lease liabilities		<u>8,829</u>	<u>14,217</u>
		<u>798,097</u>	<u>636,923</u>
<b>Current liabilities</b>			
Trade and bills payables	11	225,095	76,713
Contract liabilities, other payables and accrued charges		256,111	184,597
Due to a director		-	645
Borrowings	10	751,552	911,203
Lease liabilities		11,819	13,864
Deferred income on government grants		17,330	17,791
Current income tax liabilities		<u>71,760</u>	<u>74,988</u>
		<u>1,333,667</u>	<u>1,279,801</u>
<b>Total liabilities</b>		<u>2,131,764</u>	<u>1,916,724</u>
<b>Total equity and liabilities</b>		<u>2,233,638</u>	<u>2,159,966</u>

The notes on pages 12 to 24 are an integral part of this condensed consolidated interim financial information.



# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2020

		<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	Unaudited six months ended June 30, 2019 HK\$'000
	<i>Notes</i>		
Revenue	6	<b>884,518</b>	735,787
Cost of sales	6	<b>(823,475)</b>	(704,707)
<b>Gross profit</b>		<b>61,043</b>	31,080
Distribution and selling expenses		<b>(37,042)</b>	(33,109)
Administrative expenses		<b>(112,972)</b>	(151,955)
Other income		<b>8,923</b>	7,998
Other losses – net	13	<b>(11,465)</b>	(2,582)
<b>Operating loss</b>		<b>(91,513)</b>	(148,568)
Finance income	14	<b>438</b>	69
Finance costs	14	<b>(50,746)</b>	(63,551)
Finance costs – net	14	<b>(50,308)</b>	(63,482)
<b>Loss before income tax</b>	12	<b>(141,821)</b>	(212,050)
Income tax expense	15	<b>(3,592)</b>	(2,591)
<b>Loss for the Period</b>		<b>(145,413)</b>	(214,641)
<b>Loss attributable to owners of the Company</b>		<b>(145,413)</b>	(214,641)

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2020

	<i>Note</i>	<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	Unaudited six months ended June 30, 2019 HK\$'000
<b>Loss for the Period</b>		<b>(145,413)</b>	(214,641)
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		<b>1,054</b>	2,678
<b>Item that will not be reclassified to profit or loss:</b>			
Change in fair value of investment property		<b>-</b>	(111)
<b>Total comprehensive income for the Period</b>		<b>(144,359)</b>	(212,074)
<b>Loss per share for loss attributable to the owners of the Company</b>			
(Basic and diluted HK cents per share)	17	<b>(12.1)</b>	(17.9)

The notes on pages 12 to 24 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2020

	Unaudited Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Employee share-based compensation reserves HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
<b>Balance at January 1, 2020</b>	120,000	1,001,287	(774)	4,670	(40,707)	(841,234)	243,242
Loss for the Period	-	-	-	-	-	(145,413)	(145,413)
Other comprehensive income:							
Currency translation differences	-	-	-	-	1,054	-	1,054
Total comprehensive income for the Period	-	-	-	-	1,054	(145,413)	(144,359)
Equity-settled share-based payment	-	-	-	2,991	-	-	2,991
Transfer upon lapse of share options	-	-	-	(197)	-	197	-
<b>Balance at June 30, 2020</b>	<b>120,000</b>	<b>1,001,287</b>	<b>(774)</b>	<b>7,464</b>	<b>(39,653)</b>	<b>(986,450)</b>	<b>101,874</b>

	Unaudited Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Revaluation reserves HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
<b>Balance at January 1, 2019</b>	120,000	1,001,287	(774)	-	(29,985)	(345,640)	744,888
Loss for the Period	-	-	-	-	-	(214,641)	(214,641)
Other comprehensive income:							
Currency translation differences	-	-	-	-	2,678	-	2,678
Change in fair value of investment property	-	-	-	(111)	-	-	(111)
Total comprehensive income for the Period	-	-	-	(111)	2,678	(214,641)	(212,074)
<b>Balance at June 30, 2019</b>	<b>120,000</b>	<b>1,001,287</b>	<b>(774)</b>	<b>(111)</b>	<b>(27,307)</b>	<b>(560,281)</b>	<b>532,814</b>

The notes on pages 12 to 24 are an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2020

	<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	Unaudited six months ended June 30, 2019 HK\$'000
Net cash generated from/(used in) operating activities	<b>136,222</b>	(271,158)
Net cash used in investing activities	<b>(63,854)</b>	(76,229)
Net cash (used in)/generated from financing activities	<b>(71,113)</b>	410,534
Net increase in cash and cash equivalents	<b>1,255</b>	63,147
Cash and cash equivalents at beginning of the Period	<b>15,923</b>	22,720
Exchange losses on cash and cash equivalents	<b>(2,188)</b>	(826)
Cash and cash equivalents at end of the Period	<b>14,990</b>	85,041

The notes on pages 12 to 24 are an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Statements

## 1 GENERAL INFORMATION

PanAsialum Holdings Company Limited (“**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and trading of aluminium products. The Company is an investment holding company. The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares have been listed on the main board of The Stock Exchange of Hong Kong Limited since February 5, 2013.

This condensed consolidated interim financial information is presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”), unless otherwise stated. This condensed consolidated interim financial information has been reviewed by the Audit Committee but not audited, and it was approved for issue by the board of Directors (“**Board**”) on August 28, 2020.

## 2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended June 30, 2020 has been prepared in accordance with HKAS 34 ‘Interim Financial Reporting’. This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

# Notes to the Condensed Consolidated Interim Financial Statements

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended December 31, 2019, as described in those annual consolidated financial statements.

### (a) Estimation of income tax:

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

### (b) Changes in HKFRSs:

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3: Definition of a Business
- Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform
- Amendments to HKAS 1 and HKAS 8: Definition of Material
- Amendments to HKFRS 16: Covid-19-Related Rent Concessions

The new or amended HKFRSs that are effective from January 1, 2020 did not have any significant impact on the Group's accounting policies.

#### *Amendments to HKFRS 3: Definition of a Business*

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

## 3 ACCOUNTING POLICIES *(Continued)*

### (b) Changes in HKFRSs: *(Continued)*

*Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform*

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

*Amendments to HKAS 1 and HKAS 8: Definition of Material*

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

*Amendments to HKFRS 16: Covid-19-Related Rent Concessions*

Effective June 1, 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

# Notes to the Condensed Consolidated Interim Financial Statements

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group is not exposed to material equity price risk. There have been no changes in any risk management policies since the last year end.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019.

### 4.2 Liquidity risk

Compared to the last year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 4.3 Commodity price risk on aluminium

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. During the Period, the Group has not entered into any instruments in order to mitigate the risk arising from fluctuations in aluminium price. Any change in aluminium price could affect the Group's financial performance.

Management considers the fluctuation on the commodity price of aluminium does not have a significant impact on the Group's earnings and cash flows in the long run.

### 4.4 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturity.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information for the year ended December 31, 2019.



# Notes to the Condensed Consolidated Interim Financial Statements

## 6 REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and trading of aluminium products. In prior years, the Group's revenue was divided into three product segments, namely electronics parts, construction and industrial products, and door and window frames systems which are operating in five geographical areas, namely the PRC (excluding Hong Kong for the purpose of this segmental analysis), Australia, North America, Hong Kong and others.

For the six months ended June 30, 2020, the executive directors ("ED(s)") of the Company, being the chief operating decision makers, regularly reviewed revenue analysis by products and by locations. The EDs reassessed the Group's product segments reporting and decided that for financial reporting purposes, the three segments should be combined as the resource allocation, performance assessment and decision making of these three segments are not considered separately. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the EDs of the Company. Accordingly, no analysis of product segment is presented. Due to the expansion of our business to South East Asia, the geographical areas presented are the PRC (excluding Hong Kong for the purpose of this segmental analysis), Australia, South East Asia, Hong Kong and others.

The tables below present geographical segment information on the revised basis, with prior years amended to conform to the current year presentation.

	Unaudited					
	six months ended June 30, 2020					
	The PRC	Australia	Hong Kong	South East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	543,598	88,094	57,184	108,629	87,013	884,518
Cost of sales	(511,553)	(71,068)	(55,198)	(107,114)	(78,542)	(823,475)
Gross profit	<u>32,045</u>	<u>17,026</u>	<u>1,986</u>	<u>1,515</u>	<u>8,471</u>	<u>61,043</u>

	Unaudited					
	six months ended June 30, 2019					
	The PRC	Australia	Hong Kong	South East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	468,878	122,799	47,262	-	96,848	735,787
Cost of sales	(461,745)	(106,858)	(41,142)	-	(94,962)	(704,707)
Gross profit	<u>7,133</u>	<u>15,941</u>	<u>6,120</u>	<u>-</u>	<u>1,886</u>	<u>31,080</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 7 PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	Audited year ended December 31, 2019 HK\$'000
Opening net book amount	<b>1,009,088</b>	958,608
Exchange differences	<b>(14,480)</b>	(13,958)
Additions	<b>17,799</b>	184,418
Transfer to investment property	–	(6,432)
Disposals	<b>(1,900)</b>	(7,555)
Revaluation loss	–	(630)
Depreciation (Note 12)	<b>(56,477)</b>	(105,363)
Closing net book amount	<b><u>954,030</u></b>	<u>1,009,088</u>

## 8 TRADE AND BILLS RECEIVABLES

	<b>Unaudited June 30, 2020 HK\$'000</b>	Audited December 31, 2019 HK\$'000
Trade receivables – net	<b>376,791</b>	376,136
Bills receivables	–	7,755
Trade and bills receivables – net	<b><u>376,791</u></b>	<u>383,891</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 8 TRADE AND BILLS RECEIVABLES *(Continued)*

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 90 days (2019: Same). The Group does not hold any collateral as security.

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

	<b>Unaudited</b> <b>June 30,</b> <b>2020</b> <b>HK\$'000</b>	Audited December 31, 2019 HK\$'000
Current	<b>258,550</b>	245,107
1 – 30 days	<b>53,939</b>	70,963
31 – 60 days	<b>17,099</b>	20,418
61 – 90 days	<b>9,451</b>	18,756
91 – 180 days	<b>21,114</b>	25,833
181 days – 1 year	<b>15,312</b>	1,487
More than 1 year	<b>1,326</b>	1,327
	<b>376,791</b>	383,891

As at June 30, 2020, receivables of HK\$258,550,000 were neither past due nor impaired (as at December 31, 2019: HK\$245,107,000). These receivables relate to customers for whom there is no recent history of default.

Certain subsidiaries of the Group pledged trade receivables balances amounting to HK\$34,290,000 to financial institution in exchange for cash as at June 30, 2020 (as at December 31, 2019: HK\$44,755,000). The transactions have been accounted for as collateralized borrowings (Note 10).

As at June 30, 2020, all trade receivables were non-interest bearing (as at December 31, 2019: Same).

# Notes to the Condensed Consolidated Interim Financial Statements

## 9 SHARE CAPITAL

	Unaudited June 30, 2020		Audited December 31, 2019	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorized:				
Ordinary shares of HK\$0.10 each	<u>2,400,000,000</u>	<u>240,000</u>	<u>2,400,000,000</u>	<u>240,000</u>
Issued and fully paid:	<u>1,200,000,000</u>	<u>120,000</u>	<u>1,200,000,000</u>	<u>120,000</u>

## 10 BORROWINGS

	Unaudited June 30, 2020 HK\$'000	Audited December 31, 2019 HK\$'000
Current		
Collateralized borrowings of a financial institution (Note 8)	<u>23,283</u>	38,151
Other loans	<u>728,269</u>	873,052
	<u>751,552</u>	911,203
Non-current		
Other loans	<u>789,268</u>	622,706
Total	<u>1,540,820</u>	<u>1,533,909</u>

As at June 30, 2020, the effective interest rate of the interest-bearing borrowings was 6.47% per annum (as at December 31, 2019: 7.85% per annum). The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

As at June 30, 2020, the Group's banking facilities were secured by the (i) guarantees of the Company and certain subsidiaries; (ii) guarantees of the former executive directors of the Company; (iii) guarantees of a director of a PRC subsidiary; (iv) guarantees of two state-owned enterprises of the PRC; (v) pledge of the Group's certain property, plant and equipment; (vi) pledge of the Group's certain right-of-use assets; (vii) pledge of the Group's certain inventories; (viii) pledge of the Group's certain trade receivables and (ix) pledge of the Group's certain bank deposits (as at December 31, 2019: Same).

# Notes to the Condensed Consolidated Interim Financial Statements

## 11 TRADE AND BILLS PAYABLES

As at June 30, 2020 and December 31, 2019, the ageing analysis of the Group's trade and bills payables based on invoice date was as follows:

	Unaudited June 30, 2020 HK\$'000	Audited December 31, 2019 HK\$'000
0 – 30 days	144,669	19,972
31 – 60 days	41,061	23,790
61 – 90 days	10,997	7,849
Over 90 days	28,368	25,102
	<u>225,095</u>	<u>76,713</u>

## 12 EXPENSES BY NATURE

	Unaudited six months ended June 30, 2020 HK\$'000	Unaudited six months ended June 30, 2019 HK\$'000
Operating loss is stated after charging/ (crediting) the following:		
Auditor's remuneration		
– current period	2,000	2,350
– prior period over provision	(700)	–
Cost of inventories recognized as expenses	823,475	704,707
Employee benefit expenses (include wages and salaries)	125,824	161,788
Depreciation of property, plant and equipment (Note 7)	56,477	50,412
Depreciation of right-of-use assets	9,793	8,861
Write off of right-of-use assets	806	–
Impairment loss on trade receivables	3,965	–
Impairment loss on inventories	2,999	–
Equity settled share-based payments to the consultant of the Group	983	–

# Notes to the Condensed Consolidated Interim Financial Statements

## 13 OTHER LOSSES – NET

	Unaudited six months ended June 30, 2020 HK\$'000	Unaudited six months ended June 30, 2019 HK\$'000
Net exchange losses	<u>(11,465)</u>	<u>(2,582)</u>
	<u>(11,465)</u>	<u>(2,582)</u>

## 14 FINANCE INCOME AND COSTS

	Unaudited six months ended June 30, 2020 HK\$'000	Unaudited six months ended June 30, 2019 HK\$'000
Interest income:		
Interest income on bank deposits	<u>438</u>	<u>69</u>
Finance income	<u>438</u>	<u>69</u>
Interest expenses:		
Interest expense on lease liabilities	(871)	(796)
Interest expense on borrowings	(49,875)	(62,754)
Interest element of finance leases	<u>-</u>	<u>(1)</u>
Finance costs	<u>(50,746)</u>	<u>(63,551)</u>
Finance costs – net	<u>(50,308)</u>	<u>(63,482)</u>

# Notes to the Condensed Consolidated Interim Financial Statements

## 15 INCOME TAX EXPENSE

Hong Kong profits tax is calculated at two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million during the six months ended June 30, 2020 (2019: same).

The Group's operations in the PRC are subject to the PRC corporate income tax. The standard PRC Corporate income tax rate was 25% during the six months ended June 30, 2020 (2019: same).

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, OPAL (Macao Commercial Offshore) Limited is exempted from Macao Complementary Tax during the six months ended June 30, 2020 (2019: Same).

	<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	<b>Unaudited six months ended June 30, 2019 HK\$'000</b>
Hong Kong profits tax		
– current period	<b>(1,994)</b>	(2,591)
Overseas taxation		
– under provision in prior year	<b>(1,598)</b>	–
	<b><u>(3,592)</u></b>	<b><u>(2,591)</u></b>

## 16 DIVIDENDS

No dividend has been declared by the Company for the six months ended June 30, 2020 and 2019.

# Notes to the Condensed Consolidated Interim Financial Statements

## 17 LOSS PER SHARE

### Basic

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

	Unaudited six months ended June 30, 2020	Unaudited six months ended June 30, 2019
Loss attributable to owners of the Company (HK\$'000)	<u>(145,413)</u>	<u>(214,641)</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<u>1,199,405</u>	<u>1,199,405</u>
Basic loss per share (HK cents)	<u>(12.1)</u>	<u>(17.9)</u>

### Diluted

For the six months ended June 30, 2020, the computation of diluted loss per share does not assume the subscription of the Company's outstanding potential ordinary shares as they are anti-dilutive.

For the six months ended June 30, 2019, diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the six month ended June 30, 2019.

## 18 CAPITAL COMMITMENTS

	Unaudited June 30, 2020 HK\$'000	Audited December 31, 2019 HK\$'000
Contracted but not provided for – property, plant and equipment	<u>214,653</u>	<u>245,776</u>



# Notes to the Condensed Consolidated Interim Financial Statements

## 19 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 consolidated interim financial information, the Group had the following related party transactions during the six months ended June 30, 2020 and 2019:

### Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>Unaudited six months ended June 30, 2020 HK\$'000</b>	Unaudited six months ended June 30, 2019 HK\$'000
Salaries, bonus and allowances	<b>3,563</b>	7,476
Contributions to defined contribution plans	<b>15</b>	130
	<b><u>3,578</u></b>	<u>7,606</u>

# Management Discussion and Analysis

## OVERVIEW

### Business and Financial Overview

PanAsialum Holdings Company Limited (“**Company**”) and its subsidiaries (collectively, the “**Group**”) is an aluminium products manufacturer with several production plants in the People’s Republic of China (“**PRC**”), making and selling a large and diverse portfolio of high quality products to its customers. The Group strategically located plants in Guangdong, Henan, Xinjiang, literally in south, middle and north-west of PRC allows the Group to serve customers with more optimal cost of production in different locations.

### Performance Overview

The six months ended June 30, 2020 (“**Period**”) marked a period of uncertainties and volatilities globally and over PRC. As compared to the six months ended June 30, 2019 (“**2019 Period**”), the Group’s performance has an improvement for the Period. The total operating revenue of the Group for the Period was HK\$885 million (2019 Period: HK\$736 million), representing an increase of 20.2% as compared with the corresponding period in 2019. The gross profit margin of the Group increased to 6.9% for the Period (2019 Period: 4.2%). The loss attributable to owners of the Company for the Period was HK\$145 million (2019 Period: HK\$215 million), demonstrating its resilience despite the current challenging business environment, and a period of Renminbi (“**RMB**”) depreciation.

### Revenue

The following tables set out information about the geographical location of the Group’s revenue from external customers:

	Unaudited					
	six months ended June 30, 2020					
	The PRC	Australia	Hong Kong	South East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	543,598	88,094	57,184	108,629	87,013	884,518
Cost of sales	(511,553)	(71,068)	(55,198)	(107,114)	(78,542)	(823,475)
Gross profit	<u>32,045</u>	<u>17,026</u>	<u>1,986</u>	<u>1,515</u>	<u>8,471</u>	<u>61,043</u>

# Management Discussion and Analysis

	Unaudited					
	six months ended June 30, 2019					
	The PRC	Australia	Hong Kong	South East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	468,878	122,799	47,262	–	96,848	735,787
Cost of sales	<u>(461,745)</u>	<u>(106,858)</u>	<u>(41,142)</u>	<u>–</u>	<u>(94,962)</u>	<u>(704,707)</u>
Gross profit	<u>7,133</u>	<u>15,941</u>	<u>6,120</u>	<u>–</u>	<u>1,886</u>	<u>31,080</u>

The significant increase in overall revenue during the Period was mainly attributable to the expansion into South East Asia market and an increase in sales in the PRC offsetting the decrease of revenue in Australia. The decrease in revenue in Australia were attributable to the adverse impact of the Coronavirus Disease 2019 (“**COVID-19**”) outbreak during the Period.

## Cost of sales

With the increase in sales, cost of sales increased by 16.7% from HK\$705 million for the 2019 Period to HK\$823 million for the Period.

## Gross profit

Gross profit increased by 96.8% from HK\$31 million for the 2019 Period to HK\$61 million for the Period, and the increase in gross profit margin from 4.2% for the 2019 Period to 6.9% for the Period was due to (i) an increase in sales turnover for the Period; and (ii) an increase in the ingot-to-product yield.

## Distribution and selling expenses

Distribution and selling expenses increased from HK\$33 million for the 2019 Period to HK\$37 million for the Period. It consisted of mainly transportation expenses and staff related expenses was in line with increase in sales.

## Administrative expenses

Administrative expenses decreased from HK\$152 million for the 2019 Period to HK\$113 million for the Period. It was mainly due to decrease in operating expenses especially the employee benefit expenses and administrative staff cost.

# Management Discussion and Analysis

## Other losses – net

Other losses increased from HK\$3 million for the 2019 Period to HK\$11 million for the Period. The loss was mainly due to the depreciation of RMB and Great Britain Pound (“GBP”) against HKD during the Period which the Group had suffered exchange losses.

## Finance income

Finance income increased from HK\$0.1 million for the 2019 Period to HK\$0.4 million for the Period. It mainly comprised of interest income.

## Finance costs

Finance costs amounted to HK\$51 million for the Period compared to HK\$64 million for 2019 Period. The decrease in finance cost is due to the drop of the interest rate during the Period.

## Income tax expenses

Income tax expenses of HK\$4 million was mainly incurred in Hong Kong and China for the Period.

## Prospect

At the beginning of 2020, the challenges generally arising from the COVID-19 are unprecedented, the Group’s production facilities were disrupted, resulting in more than one month’s delay in production after Chinese New Year holiday. Throughout the Period, the Group had continued to enhance the performance. It will continue to develop the markets for its products, put emphasis on sales to overseas customers, and endeavor to improve its gross profit margin.

The Group has commenced the relocation of its manufacturing facilities from Zengcheng to other manufacturing sites of the Group in the PRC and is halfway through its relocation process, which is expected to be completed by the end of 2020. After the relocation, the Group will dispose the land of Zengcheng (“**Land**”) by way of a public land auction under the Redevelopment Scheme (“**Disposal**”). The Board is of the view that the Group’s financial position will be greatly strengthened and the proceeds will provide the Group with additional working capital for its future business development. Given that the Group has been relocating its equipment and machinery and diverting its orders to its manufacturing facility in Nanyang which has sufficient production capacity, the Company is of the view that the Disposal will have no material impact on the Group’s business and operations. For details of the Disposal, please refer to the paragraph “Event After Reporting Period”.

## Liquidity and Financial Resources

The Group principally finances its operations through internally generated cash flow and borrowings. As at June 30, 2020, the Group had HK\$15 million cash and cash equivalents (as at December 31, 2019: HK\$16 million), HK\$92 million pledged bank deposits (as at December 31, 2019: HK\$48 million) and interest-bearing borrowings of HK\$1,541 million denominated in RMB (as at December 31, 2019: HK\$1,534 million denominated in RMB).

# Management Discussion and Analysis

## Charges on Asset

HK\$252 million (as at December 31, 2019: HK\$259 million) of right-of-use assets, HK\$21 million (as at December 31, 2019: HK\$23 million) of buildings, HK\$102 million (as at December 31, 2019: HK\$115 million) of plant and machinery, HK\$34 million (as at December 31, 2019: HK\$45 million) of trade receivables, HK\$202 million (December 31, 2019: HK\$219 million) of inventories and HK\$17 million (December 31, 2019: HK\$45 million) of bank deposits of the Group were pledged as security for the Group's bank borrowings.

## Capital Structure

As at June 30, 2020 and December 31, 2019, the Company's issued share capital was HK\$120,000,000, divided into 1,200,000,000 shares of HK\$0.1 each.

## Foreign Exchange and Other Risk

The Group continued to receive Australian Dollar ("AUD"), USD and RMB from our sales to major customers during the Period, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of HKD against RMB may have impact on the Group's results. Currently, the Group has not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of AUD and RMB may have an impact on the operating results of the Group.

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. During the Period, the Group has not entered into any instruments in order to mitigate the risk arising from fluctuations in aluminium price. Any change in aluminium price could affect the Group's financial performance.

## Significant Investment, Material Acquisition and Disposal

As disclosed in the announcements of the Company dated June 6, 2019 and March 3, 2020, PanAsia Enterprises (Jiangmen) Company Limited (榮陽實業(江門)有限公司), a wholly owned subsidiary of the Company established in the PRC, succeeded in the bidding of the land use right of phase 1 of the target lands, which consisted of a site area of approximately 133,332.99 square meters through an open tender on February 26, 2020 at the consideration of RMB46 million (equivalent to approximately HK\$52 million). This transaction is completed on April 16, 2020.

Save as disclosed above, the Group did not have any other significant investment, material acquisition and disposal during the Period.

# Management Discussion and Analysis

## Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at June 30, 2020 amounted to approximately HK\$215 million (as at December 31, 2019: HK\$246 million), which was mainly related to the acquisition of machineries in the PRC.

## Contingent Liabilities

As at June 30, 2020, the Group had no contingent liabilities (as at December 31, 2019: Nil).

## Employee Information and Remuneration Policies

As at June 30, 2020, the Group employed approximately 2,700 staff (as at December 31, 2019: 2,700). The Group's remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. During the Period, the Group incurred staff costs (including Directors' emoluments) of HK\$126 million (2019 Period: HK\$162 million).

## Event After Reporting Period

As disclosed in the announcements of the Company dated July 8, 2020 and August 13, 2020, and the circular of the Company dated July 29, 2020, the Group will dispose the Land by way of a public land auction under the Redevelopment Scheme. Subsequent to the passing of an ordinary resolution in respect of the granting of the proposed mandate in advance to the Directors to enter into and complete the Disposal at the extraordinary general meeting of the Company held on August 13, 2020, a land disposal agreement has been entered into between the Group and the Planning and Natural Resources Bureau on August 13, 2020 and the Disposal will then go through a public land auction process pursuant to the land disposal agreement. The Group will be compensated by the Planning and Natural Resources Bureau from proceeds derived from the sale of the Land.

The Group has engaged an independent valuer, Knight Frank Petty Limited ("**Valuer**"), to carry out a valuation on the Land. The Valuer has appraised the Land by adopting the estimated amount to be compensated as the market value of the Land. Based on the assumption that the Land will be acquired by the Planning and Natural Resources Bureau and changed to residential and commercial use, the market value of the Land and the compensation amount as appraised by the Valuer is approximately RMB1,558 million as at May 31, 2020.

The Company will disclose material updates or information on the Disposal by way of announcement(s) as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Exchange ("**Listing Rules**").

## Other Information

### INTERIM DIVIDEND

At the meeting of the Board held on August 28, 2020, the Board did not declare an interim dividend for the six months ended June 30, 2020.

### SHARE OPTION SCHEME

On January 18, 2013, the Company adopted a share option scheme ("**Share Option Scheme**") whereby the Board can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group ("**Participants**") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme is 120,000,000 shares which is equivalent to 10% of the issued capital of the Company after completion of the global offering ("**Global Offering**", as defined in the prospectus dated January 23, 2013). The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Global Offering. Unless otherwise approved by the shareholders in general meeting, the number of shares that may be granted to any one Participant under the options shall not exceed 1% within any 12-month Period (other than those granted to the substantial shareholders (as defined in the Listing Rules), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the Period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the shares on the daily quotation sheet of the Exchange on the date of grant; (b) the average closing price of the shares on the daily quotation sheet of the Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the share.

Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a Period of 10 years from that date.

As at the date of this report, the outstanding number of options available for issue under the Share Option Scheme is 48,000,000, representing 4% of the issued shares of the Company.

## Other Information

Details of the share options movements during the Period under the Share Option Scheme are as follows:

Name or category of grantee	Date of grant of share option	Exercise price (HKD)	Exercise period	Number of share options						
				Balance as at January 1, 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Surrendered during the Period	Balance as at June 30, 2020
<b>Directors</b>										
Ms. Li Jiewen	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	12,000,000	-	-	-	-	-	12,000,000
Mr. Gao Mingjie	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	6,000,000	-	-	-	-	-	6,000,000
Mr. Mar Selwyn	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
Mr. Leung Ka Tin	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
Dr. Cheung Wah Keung	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
Mr. Chan Kai Nang	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	1,200,000	-	-	-	-	-	1,200,000
<b>Other Participants</b>										
Employees	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	38,320,000	-	-	248,000	-	1,200,000	36,872,000
Others	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	10,800,000	-	-	-	-	-	10,800,000
<b>Total</b>				71,920,000	-	-	248,000	-	1,200,000	70,472,000

### Notes:

1. The closing price of the shares immediately before December 23, 2019, on which those options were granted, was HKD0.38.
2. The Share Options are exercisable for a period of ten years from the date of grant, subject to the vesting period as follows: (i) 60% of the Share Options be vested on the date of grant; and (ii) 40% of the Share Options be vested on the first anniversary of the date of grant.



## Other Information

### SHARE AWARD SCHEME

The Company adopted a share award scheme ("**Share Award Scheme**") on March 3, 2014 ("**Adoption Date**").

#### **Who May Join**

Employee(s) are selected by the Board pursuant to the scheme rules for participation in the Share Award Scheme ("**Selected Employee(s)**").

#### **The Purpose and Objective of the Share Award Scheme**

The purposes of the Share Award Scheme are to recognize the contributions by Selected Employees and to give incentives thereto in order to retain them for the continual operation and development of the Group as part of talent retention program of the Group, and to attract suitable personnel for further development of the Group.

#### **Operation of the Share Award Scheme**

Bank of Communications Trustee Limited has been appointed as the trustee of the Share Award Scheme ("**Trustee**"). Pursuant to the scheme rules and the trust deed entered into with the Trustee, the Trustee shall purchase from the market or subscribe for the relevant number of shares awarded out of the Company's resources and shall transfer the relevant Shares to that Selected Employee at no cost in accordance with the scheme rules.

The Share Award Scheme came into effect on March 3, 2014, and shall terminate on the earlier of (i) the tenth (10) anniversary date of the Adoption Date; or (ii) such date of early termination as determined by the Board.

During the Period, no shares were purchased by the Trustee on the market for the purpose of the Share Award Scheme. No shares were granted to Employees during the Period.

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2020, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (“Model Code”), are as follows:

#### Long Position in the Shares

Name of Director	Nature of interest	Number of ordinary shares	Number of underlying shares held pursuant to share options (Note 1)	Percentage of the issued share capital of the Company (Note 2)
Ms. Li Jiewen	Beneficial owner	–	12,000,000	1.00%
Mr. Gao Mingjie	Beneficial owner	–	6,000,000	0.50%
Mr. Mar Selwyn	Beneficial owner	–	1,200,000	0.10%
Mr. Leung Ka Tin	Beneficial owner	–	1,200,000	0.10%
Dr. Cheung Wah Keung	Beneficial owner	–	1,200,000	0.10%
Mr. Chan Kai Nang	Beneficial owner	–	1,200,000	0.10%

#### Notes:

- Details of share options held by Directors are set out in the section headed “Share Option Scheme”.
- The percentage represents the number of shares of the Company interested divided by the number of the issued shares as at June 30, 2020 (i.e. 1,200,000,000 shares).

Save as disclosed above, as at June 30, 2020, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the Model Code.

## Other Information

### DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the headings "Share Option Scheme" and "Share Award Scheme", at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at June 30, 2020, the following persons (other than the Directors and chief executives of the Company) had or 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 Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long Position in the Share

Name	Capacity	Number of Shares	Approximate Percentage of Shareholding
Easy Star Holdings Limited ("Easy Star") <i>(Note)</i>	Beneficial Owner	900,000,000	75%
Marina Star Limited <i>(Note)</i>	Interest in controlled corporation	900,000,000	75%
HSBC International Trustee Limited <i>(Note)</i>	Trustee	900,000,000	75%

Note:

Easy Star was the registered holder of the 900,000,000 shares. Easy Star was wholly-owned by Marina Star Limited. The entire issued share capital of Marina Star Limited was owned by HSBC International Trustee Limited as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust established by Mr. Marcus Pan as settlor. Mr. Pan Zhaolong, the executive director of the Company, is a nominated beneficiary under The Pan Family Trust.

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to corporate success and to enhance the shareholders' value. The Group has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Period.

## CHANGES OF DIRECTORS' INFORMATION

Below are the changes in the information of Directors during the Period and up to the date of this report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Dr. Cheung Wah Keung ("**Dr. Cheung**"), the independent non-executive director of the Company, has joined the board of directors of the Hong Kong Academy of Gifted Education since April 29, 2020.

Dr. Cheung has ceased to be and Mr. Pan Zhaolong ("**Mr. Pan**"), the executive director of the Company, has been appointed as the authorised representative of the Company under Rule 3.05 of the Listing Rules, with effect from August 6, 2020.

Ms. Li Jiewen, the executive director and chief executive officer of the Company, has ceased to be and Mr. Pan has been appointed as the member of the Nomination Committee, with effect from August 6, 2020.

Mr. Mar Selwyn, the independent non-executive director of the Company, has resigned as the member of the nomination committee and remuneration committee of the Company with effect from August 26, 2020.

Except as set out in this report, there is no other change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. The Company, having made specific enquiry, all Directors confirmed that they had complied with the Model Code provisions during the Period.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the Listing Rules as at the date of this report.

# Other Information

## AUDIT COMMITTEE

The Company has an audit committee (“**Audit Committee**”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises four members who are the independent non-executive Directors, namely Mr. Mar Selwyn, Mr. Leung Ka Tin, Dr. Cheung Wah Keung and Mr. Chan Kai Nang.

The Audit Committee and the management have reviewed the accounting principles and practices adopted by the Group, as well as the unaudited consolidated interim financial statements for the six months ended June 30, 2020 and has recommended their adoption to the Board.

## REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements for the Period has not been audited, but has been reviewed by the Audit Committee.

By order of the Board

### **Cheung Wah Keung**

*Independent Non-executive Chairman  
and Independent Non-executive Director*

Hong Kong, August 28, 2020