

INTERIM REPORT 2023



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

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Corporate Information

DIRECTORS

Executive Directors

Mr. Pan Zhaolong
(Chairman and Chief Executive Officer)
Mr. Ho Pak Yiu

Independent Non-executive Directors

Dr. Cheung Wah Keung
Mr. Chan Kai Nang
Mr. Man Yiu Kwong Nick

BOARD COMMITTEES

Audit Committee

Mr. Man Yiu Kwong Nick (Chairman)
Dr. Cheung Wah Keung
Mr. Chan Kai Nang

Remuneration Committee

Dr. Cheung Wah Keung (Chairman)
Mr. Chan Kai Nang
Mr. Man Yiu Kwong Nick

Nomination Committee

Mr. Man Yiu Kwong Nick (Chairman)
Mr. Pan Zhaolong
Mr. Ho Pak Yiu
Dr. Cheung Wah Keung
Mr. Chan Kai Nang

Environmental, Social and Governance Committee

Mr. Pan Zhaolong (Chairman)
Mr. Ho Pak Yiu
Dr. Cheung Wah Keung
Mr. Man Yiu Kwong Nick

AUTHORIZED REPRESENTATIVES

Mr. Pan Zhaolong
Mr. Ho Pak Yiu

COMPANY SECRETARY

Mr. Ho Pak Yiu

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 01, 26/F, Tower 2,
The Millennity,
98 How Ming Street,
Kwun Tong, Kowloon,
Hong Kong

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

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

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
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
The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank
Corporation

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

Jeffrey Mak Law Firm

WEBSITE

www.palum.com

Note: Information in this section is as at the date hereof.

Financial Highlights and Key Financial Ratios

(Unaudited financial data prepared in accordance with Hong Kong Financial Reporting Standards)

	For the six months ended June 30,		
	2023 (Unaudited)	2022 (Unaudited)	Change in %
Revenue	HK\$479.0 million	HK\$982.0 million	(51.2%)
Gross Profit	HK\$71.2 million	HK\$135.6 million	(47.5%)
Gross Profit Margin ⁽¹⁾	14.9%	13.8%	8.0%
Profit attributable to owners of the Company	HK\$0.5 million	HK\$0.4 million	25.0%
EBITDA	HK\$36.9 million	HK\$43.9 million	(15.9%)
Earnings per Share (HK cents)	0.04	0.04	
Return on equity ⁽²⁾	0.07%	0.05%	
Interest Coverage Ratio ⁽³⁾	(1.05)	(1.00)	

	As at June 30, 2023 (Unaudited)	As at December 31, 2022 (Audited)
Current Ratio ⁽⁴⁾	1.91	1.53
Quick Ratio ⁽⁵⁾	1.69	1.31
Gearing Ratio ⁽⁶⁾	2.8%	30.9%
Debt to Equity Ratio ⁽⁷⁾	2.8%	44.7%

- (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 net debt (total borrowings less cash and cash equivalents) divided by sum of total equity and net debt 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, 2023 (six months ended June 30, 2022: Nil).

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2023

		Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	7	457,879	634,661
Right-of-use assets		228,484	295,484
Investment properties		20,561	21,355
Deferred tax assets		2,246	2,333
Prepayments for property, plant and equipment		6,823	6,961
		<u>715,993</u>	<u>960,794</u>
Current assets			
Inventories		75,550	101,990
Trade receivables	8	199,816	273,471
Prepayments, deposits and other receivables		154,499	217,947
Pledged bank deposits		54,048	56,136
Cash and cash equivalents		197,933	73,665
		<u>681,846</u>	<u>723,209</u>
Total assets		<u><u>1,397,839</u></u>	<u><u>1,684,003</u></u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	9	120,000	120,000
Reserves		565,833	596,030
Total equity attributable to owners of the Company		<u>685,833</u>	<u>716,030</u>

Condensed Consolidated Interim Statement of Financial Position

As at June 30, 2023

		Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,344	829
Borrowings	10	100,530	231,483
Income tax liabilities		252,289	262,033
		<u>354,163</u>	<u>494,345</u>
Current liabilities			
Trade payables	11	33,146	53,802
Contract liabilities, other payables and accrued charges		123,236	158,592
Borrowings	10	116,831	162,499
Lease liabilities		2,518	5,144
Deferred income on government grants		15,887	16,690
Income tax liabilities		66,225	76,901
		<u>357,843</u>	<u>473,628</u>
Total liabilities		<u>712,006</u>	<u>967,973</u>
Total equity and liabilities		<u>1,397,839</u>	<u>1,684,003</u>

The notes on pages 11 to 25 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, 2023

	<i>Notes</i>	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Revenue	6	478,976	981,971
Cost of sales		(407,776)	(846,390)
Gross profit		71,200	135,581
Distribution and selling expenses		(13,926)	(35,265)
Administrative expenses		(87,419)	(98,708)
Other income		31,429	21,515
Other losses – net	13	(372)	(11,256)
Finance costs – net	14	(7,223)	(11,441)
(Loss)/profit before income tax		(6,311)	426
Income tax credit	15	6,801	–
Profit for the period		490	426
Earnings per share attributable to owners of the Company			
Basic (HK cents per share)	17	0.04	0.04
Diluted (HK cents per share)	17	0.04	0.04

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2023

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Profit for the period	490	426
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	(31,640)	(52,502)
Items reclassified to profit or loss:		
Exchange differences reclassified to profit or loss upon disposal of a subsidiary	953	–
Other comprehensive income for the period	(30,687)	(52,502)
Total comprehensive income for the period	(30,197)	(52,076)

The notes on pages 11 to 25 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, 2023

	Unaudited Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share	Share option reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
			award scheme HK\$'000				
Balance at January 1, 2023	120,000	1,001,287	(774)	3,694	(48,373)	(359,804)	716,030
Profit for the period	-	-	-	-	-	490	490
Other comprehensive income:							
Currency translation differences	-	-	-	-	(31,640)	-	(31,640)
Reclassification adjustment of foreign operation disposed of	-	-	-	-	953	-	953
Total comprehensive income for the period	-	-	-	-	(30,687)	490	(30,197)
Transfer upon lapse of share options	-	-	-	(223)	-	223	-
Balance at June 30, 2023	120,000	1,001,287	(774)	3,471	(79,060)	(359,091)	685,833

	Unaudited Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share	Share option reserve HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
			award scheme HK\$'000				
Balance at January 1, 2022	120,000	1,001,287	(774)	6,378	44,507	(257,865)	913,533
Profit for the period	-	-	-	-	-	426	426
Other comprehensive income:							
Currency translation differences	-	-	-	-	(52,502)	-	(52,502)
Total comprehensive income for the period	-	-	-	-	(52,502)	426	(52,076)
Transfer upon lapse of share options	-	-	-	(1,823)	-	1,823	-
Balance at June 30, 2022	120,000	1,001,287	(774)	4,555	(7,995)	(255,616)	861,457

The notes on pages 11 to 25 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, 2023

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Net cash generated from operating activities	198,983	104,050
Net cash used in investing activities	(416)	(6,312)
Net cash (used in)/generated from financing activities	(62,588)	4,170
Net increase in cash and cash equivalents	135,979	101,908
Cash and cash equivalents at beginning of the period	73,665	54,599
Effect of foreign exchanges rates changes	(11,711)	(23,290)
Cash and cash equivalents at end of the period	197,933	133,217

The notes on pages 11 to 25 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**” or “**PanAsialum**”) 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 and its principal place of business changed from Unit 05, 17th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong to Unit 01, 26/F, Tower 2, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong effective from August 10, 2023.

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

These unaudited condensed consolidated interim financial statements is presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”), unless otherwise stated. These unaudited condensed consolidated interim financial statement have been reviewed by the Audit Committee and approved for issue by the board of Directors (“**Board**”) on August 28, 2023.

2 BASIS OF PREPARATION

These unaudited interim condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

Notes to the Condensed Consolidated Interim Financial Statements

2 BASIS OF PREPARATION *(Continued)*

The preparation of a condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited interim financial statements contains condensed consolidated interim financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The condensed consolidated interim financial statements have not been audited or reviewed by the external auditors of the Company, but has been reviewed by the Company’s audit committee.

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, 2022, as described in those annual consolidated financial statements.

The HKICPA has issued the following amendments to HKFRSs that are first effective and relevant for the current accounting period of the Group:

- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Policies*
- Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transactions*

The adoption of these new or amendments to HKFRSs does not have any significant financial effect on the Group's condensed consolidated interim financial statements.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

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, 2022.

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.

Notes to the Condensed Consolidated Interim Financial Statements

4 FINANCIAL RISK MANAGEMENT *(Continued)*

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. Any change in prices of aluminium could affect the Group's financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

The Group recognised a total loss on derivative financial instruments of approximately HK\$0.4 million during the period ended June 30, 2023 (2022: HK\$10.7 million). As at June 30, 2023, the Group held future contracts which will mature in September 2023 (2022: July 2022). 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.

The outstanding balances of future contracts entered as at June 30, 2023 are approximately HK\$8.2 million.

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, 2022.

6 REVENUE AND SEGMENT INFORMATION

(a) Reportable segments

The executive directors (“**ED(s)**”) of the Company, being the chief operating decision makers, regularly review operating segments based on reports that are used to make strategic decisions. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the EDs of the Company and no analysis of product segment is presented.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The Group’s reportable segments are as follows:

- (i) manufacture and trading of aluminium products; and
- (ii) investment properties

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group’s profit before income tax except that unallocated finance costs as well as head office and corporate expenses are excluded from such measurement.

Management considered the amount of revenue and segment assets and liabilities of the Group that are allocated to the investment properties segment are insignificant, only geographical segment information is presented.

Notes to the Condensed Consolidated Interim Financial Statements

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

The principal activities of the Group are manufacturing and trading of aluminium products which are operating in four geographical areas, namely the People's Republic of China ("PRC"), Australia, South East Asia and others.

The segment information has been identified on the basis of internal management reports prepared for the purpose of resource allocation, performance assessment and decision making and is regularly reviewed by the ED(s) of the Company.

The tables below present geographical segment information.

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
The PRC	151,944	438,845
Australia	14,529	77,124
South East Asia	287,736	413,071
Others	24,767	52,931
	478,976	981,971

Notes to the Condensed Consolidated Interim Financial Statements

7 PROPERTY, PLANT AND EQUIPMENT

	Unaudited six months ended June 30, 2023 HK\$'000	Audited year ended December 31, 2022 HK\$'000
Opening net book amount	634,661	829,812
Exchange differences	(22,190)	(64,425)
Additions	6,866	25,670
Revaluation loss	–	(67,390)
Disposal of a subsidiary	(94,439)	–
Disposals	(33,584)	(5,157)
Depreciation (Note 12)	(33,435)	(83,849)
Closing net book amount	457,879	634,661

8 TRADE RECEIVABLES

	Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
Trade receivables	331,422	424,229
Less: impairment loss recognised	(131,606)	(150,758)
Trade receivables – net	199,816	273,471

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 (December 31, 2022: Same). The Group does not hold any collateral as security.

Notes to the Condensed Consolidated Interim Financial Statements

8 TRADE RECEIVABLES *(Continued)*

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

	Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
Current	195,434	256,658
1 – 30 days	2,761	14,153
31 – 60 days	662	2,026
61 – 90 days	518	459
91 – 180 days	441	173
181 days – 1 year	–	2
	<u>199,816</u>	<u>273,471</u>

As at June 30, 2023, receivables of HK\$195,434,000 were neither past due nor impaired (December 31, 2022: HK\$256,658,000). 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\$nil to financial institution in exchange for cash as at June 30, 2023 (December 31, 2022: HK\$27,016,000). The transactions have been accounted for as collateralized borrowings (Note 10).

As at June 30, 2023, all trade receivables were non-interest bearing (December 31, 2022: Same).

9 SHARE CAPITAL

	Unaudited June 30, 2023		Audited December 31, 2022	
	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>

Notes to the Condensed Consolidated Interim Financial Statements

10 BORROWINGS

	Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
Current		
Collateralized borrowings of a financial institution (Note 8)	–	23,625
Other loans	116,831	138,874
	116,831	162,499
Non-current		
Other loans	100,530	231,483
Total	217,361	393,982

As at June 30, 2023, the effective interest rate of the interest-bearing borrowings was 5.21% per annum (December 31, 2022: 5.85% per annum). The Group's borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

The Group's facilities were secured by the following:

- (i) guarantees of the Company as at June 30, 2023 (December 31, 2022: guarantees of the Company and certain subsidiaries);
- (ii) guarantees of a director of the Company as at June 30, 2023 and December 31, 2022;
- (iii) guarantee of a state-owned enterprise of the PRC as at June 30, 2023 and December 31, 2022;
- (iv) pledge of the Group's certain property, plant and equipment and right-of-use assets as at June 30, 2023 and December 31, 2022;
- (v) pledge of the Group's certain bank deposits as at June 30, 2023 and December 31, 2022;
- (vi) guarantees of a former executive director of the Company as at December 31, 2022;
- (vii) pledge of the Group's certain trade receivables as at December 31, 2022; and
- (viii) pledge of share capital of a subsidiary as at December 31, 2022.

Notes to the Condensed Consolidated Interim Financial Statements

11 TRADE PAYABLES

As at June 30, 2023 and December 31, 2022, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
0 – 30 days	11,552	32,373
31 – 60 days	4,924	5,437
61 – 90 days	3,187	2,276
Over 90 days	13,483	13,716
	<u>33,146</u>	<u>53,802</u>

12 (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Operating (loss)/profit is arrived at after (crediting)/charging:		
Auditor's remuneration – current period	1,559	1,400
Cost of inventories recognised as expenses	407,776	846,390
Employee benefit expenses (include wages and salaries)	39,045	66,467
Loss on disposal of property, plant and equipment	27,876	–
Depreciation of property, plant and equipment (Note 7)	33,435	40,423
Depreciation of right-of-use assets	5,676	9,629
Reversal of impairment loss on trade receivables	(23,709)	(733)
(Reversal of impairment loss)/ impairment loss on inventories	(1,650)	6,691
Gain on disposal of a subsidiary (Note)	(9,066)	–

Notes to the Condensed Consolidated Interim Financial Statements

12 (LOSS)/PROFIT BEFORE INCOME TAX (Continued)

Note:

PanAsia Aluminium Limited and PanAsia Aluminium (China) Co., Ltd.* (榮陽鋁業(中國)有限公司) (collectively, the “**Vendors**”), PanAsia Enterprises (Nanyang) Co., Ltd.* (榮陽實業(南陽)有限公司) (the “**Vendors’ Guarantor**”), PanAsia Enterprises (Jiangmen) Co., Ltd.* (榮陽實業(江門)有限公司) (the “**Disposal Company**”), certain indirectly wholly-owned subsidiaries of the Company; Jiangmen Jiantai Enterprises Co., Ltd.* (江門市健泰實業有限公司), (the “**Purchaser**”) and Jiangmen Zhenyi Enterprises Co., Ltd.* (江門市鎮怡實業有限公司) (the “**Purchaser’s Guarantor**”) entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which, amongst others, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Disposal Company, at the Consideration of approximately RMB34.8 million (subject to adjustment) (the “**Disposal**”).

The completion took place on March 24, 2023 and the final adjusted consideration was RMB35,971,340. Based on the final consideration, the Group recorded a net gain of approximately HK\$9.1 million as a result of the Disposal.

For details, please refer to the announcements of the Company dated January 9, 2023, January 16, 2023 and March 17, 2023, and the circular of the Company dated March 24, 2023.

13 OTHER LOSSES – NET

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Net exchange losses	(7)	(565)
Loss on settlement of derivative financial instruments	(365)	(10,691)
	<u>(372)</u>	<u>(11,256)</u>

Notes to the Condensed Consolidated Interim Financial Statements

14 FINANCE INCOME AND COSTS

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Interest income:		
Interest income on bank deposits	<u>867</u>	<u>323</u>
Finance income	<u>867</u>	<u>323</u>
Interest expenses:		
Interest expense on lease liabilities	<u>(125)</u>	<u>(388)</u>
Interest expense on borrowings	<u>(7,965)</u>	<u>(11,376)</u>
Finance costs	<u>(8,090)</u>	<u>(11,764)</u>
Finance costs – net	<u>(7,223)</u>	<u>(11,441)</u>

Notes to the Condensed Consolidated Interim Financial Statements

15 INCOME TAX CREDIT

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. Under the regime, 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, 2023 (2022: 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, 2023 (2022: same).

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Hong Kong profits tax		
– over-provision in prior years	659	–
Overseas taxation		
– over-provision in prior years	6,142	–
	<u>6,801</u>	<u>–</u>

16 DIVIDENDS

No dividend has been declared by the Company for the six months ended June 30, 2023 and 2022.

Notes to the Condensed Consolidated Interim Financial Statements

17 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit 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, 2023	Unaudited six months ended June 30, 2022
Profit attributable to owners of the Company (HK\$'000)	490	426
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	1,199,405	1,199,405
Basic earnings per share (HK cents)	0.04	0.04

Diluted

No diluted earnings per share has been presented because the exercise price of the Company's share options was higher than the average market price per share for the six months ended June 30, 2023 and 2022.

18 CAPITAL COMMITMENTS

	Unaudited June 30, 2023 HK\$'000	Audited December 31, 2022 HK\$'000
Contracted but not provided for – property, plant and equipment	30,857	197,608

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 condensed consolidated interim financial statements, the Group had the following related party transactions during the six months ended June 30, 2023 and 2022:

Key management compensation

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

	Unaudited six months ended June 30, 2023 HK\$'000	Unaudited six months ended June 30, 2022 HK\$'000
Salaries, bonus and allowances	2,790	2,059
Contributions to defined contribution plans	48	52
	<u>2,838</u>	<u>2,111</u>

Management Discussion and Analysis

PanAsialum Holdings Company Limited (“**Company**”) and its subsidiaries (collectively, “**Group**”) is an aluminium products manufacturer and trader with 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.

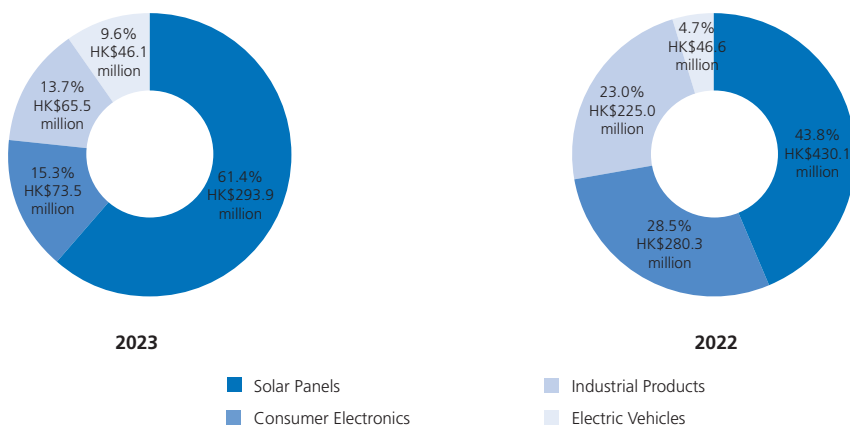
Performance Overview

In the first half of 2023, despite the prolonged post-COVID-19 effect resulting in the slowdown in global economic growth, the Group continues to review its product segments from time to time and actively fine-tune its business portfolio to minimize controllable operational risks as well as ensure sustainable growth in revenue and profits. On the other hand, the gross profit margin was enhanced steadily through our continuously effective cost control and improving operating efficiency.

For the six months ended June 30, 2023 (“**Period**”), the overall sales volume of the Group was approximately 15,945 tonnes, representing a year-on-year decrease of 35.3% compared with that for the corresponding period last year. The Group recorded revenue of approximately HK\$479.0 million for the Period, representing a decrease of approximately 51.2% as compared to the six months ended June 30, 2022 (“**2022 Period**”). Due to the Group’s continuous effective management of costs and improvement operating efficiency, the gross profit margin of the Group increased to 14.9% for the Period (2022 Period: 13.8%). The profit attributable to owners of the Company amounted to approximately HK\$0.5 million for the Period, similar to that of 2022 Period.

Revenue

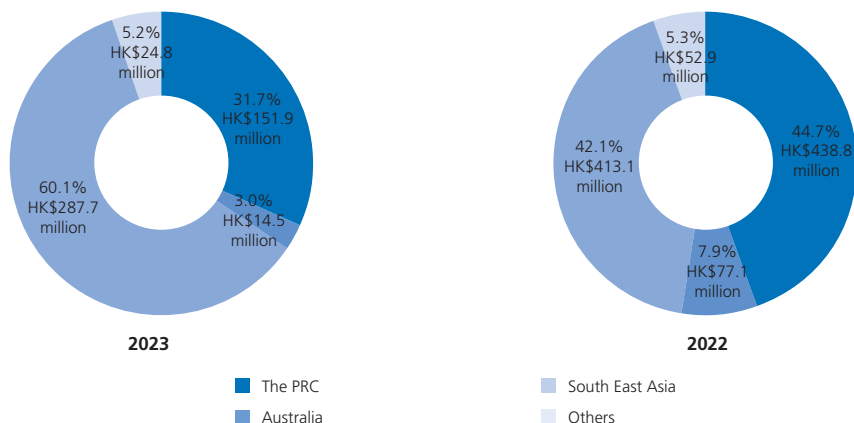
The following charts shows the breakdown of revenue by products for the Period and for the same period of 2022:



Management Discussion and Analysis

The Group's revenue derived from Solar Panels, Consumer Electronics, Industrial Products and Electric Vehicles for the Period was approximately HK\$293.9 million, HK\$73.5 million, HK\$65.5 million and HK\$46.1 million respectively, accounting for approximately 61.4%, 15.3%, 13.7% and 9.6% of the total revenue and representing a decrease of approximately 31.7%, 73.8%, 70.9% and 1.1% as compared with the 2022 Period, which was primarily attributable to (i) the drop in the average price of aluminium ingot leading to the drop in the average price of the sales in the Period as compared to that of 2022 Period, (ii) the decrement in the sales volume due to the slowdown in the economic growth, and (iii) technology under development which not yet meet mass production stage.

The following charts shows the breakdown of revenue by geographical location for the Period and for the same period of 2022:



The Group recorded an overall decrease in all geographic locations, primarily the South East Asia and the PRC, representing a decrease of approximately 30.4% and 65.4% as compared with the 2022 Period. The drop in the South East Asia market was mainly caused by the drop in the average price of aluminum ingot leading to the drop in the average price of the overall sales in the Period as compared to that of 2022 Period. The decrease in the PRC market was mainly due to the sluggish demand for Consumer Electronics and Industrial Products and the drop in the average price of aluminum ingot in the Period as compared to that of 2022 Period.

Management Discussion and Analysis

Cost of sales

With the decrease in sales, cost of sales shrank by 51.8% from approximately HK\$846.4 million for the 2022 Period to approximately HK\$407.8 million for the Period was in line with the decrease in revenue of 51.2%. The Group continues to implement rigorous cost control measures.

Gross profit and gross profit margin

During the Period, the Group's gross profit amounted to approximately HK\$71.2 million (2022 Period: approximately HK\$135.6 million) and the overall gross profit margin amounted to 14.9% (2022 Period: 13.8%). The decrease in gross profit was in line with the overall decrease in the revenue. The increase of the Group's overall gross profit margin was primarily due to the continuous effective management of costs.

Distribution and selling expenses

Distribution and selling expenses decreased to approximately HK\$13.9 million for the Period from approximately HK\$35.3 million for the 2022 Period, which was primarily due to decrease in transportation costs, and salaries and benefit expenses. A drop in transportation costs was in line with the decrease in sales. The decrease in salaries and benefit expenses was primarily due to a decrease in number of staff during the Period and the discontinuance of several exercise offices in the first half of 2022.

Administrative expenses

Administrative expenses mainly comprise research and development costs, salaries and benefit expenses, government levies, depreciation charges, reversal of impairment loss on inventories, loss on disposal of fixed assets, mediation settlement and reversal of provision for doubtful debts. Administrative expenses decreased to approximately HK\$87.4 million for the Period from approximately HK\$98.7 million for the 2022 Period, which was primarily due to a decrease in salaries and benefit expenses of the Group and reversal of provision for doubtful debts offset by increase in loss on disposal of fixed assets and mediation settlement for the Period as compared with those for the 2022 Period.

Other income

Other income increased from approximately HK\$21.5 million for the 2022 Period to approximately HK\$31.4 million for the Period. The increase was mainly due to the gain on disposal of a subsidiary of approximately HK\$9.1 million for the Period.

Other losses – net

Other losses decreased from approximately HK\$11.3 million for the 2022 Period to approximately HK\$0.4 million for the Period. The decrease was mainly due to the decrease in loss on settlement of derivative financial instruments – aluminium future contracts of approximately HK\$10.3 million during the Period as compared with the 2022 Period.

During the Period, the Group entered into aluminum future contracts in order to manage its exposure to the price risk of aluminium. The loss on settlement of derivative financial instruments – aluminium future contracts decreased from approximately HK\$10.7 million for the 2022 Period to approximately HK\$0.4 million for the Period.

Management Discussion and Analysis

Finance income

Finance income increased from approximately HK\$0.3 million for the 2022 Period to approximately HK\$0.9 million for the Period. It mainly comprised of interest income.

Finance costs

Finance costs amounted to approximately HK\$8.1 million for the Period compared to approximately HK\$11.8 million for 2022 Period. The decrease in finance costs was resulted by the reduction in the average balances of borrowings of the Group as comparing period in 2022, resulting in a decrease in interest as compared with the 2022 Period.

Income tax credit

Income tax credit mainly represented amounts of current tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. During the Period, no provision for profits tax in Hong Kong and the PRC was made since the Group has sufficient tax losses brought forward to set off against assessable profits for the Period.

Income tax credits of approximately HK\$6.8 million mainly represents the over-provision of profits tax in Hong Kong and Australia in previous years.

Prospect

Looking to the second half of the year, the market demand is expected to recovery gradually which should lead to an improvement in earnings driven by various product segments. However, continued macroeconomic risks could prove to be a challenge in such recovery in demand. The Group will continue to put efforts into growing the revenue across various segments, enhancing its product portfolio, maintaining competitive edges and managing costs. In addition, the Group will continue to explore other business opportunities with earning potentials to align with our long-term planning. With the committed efforts of our staff and management, we are cautiously optimistic on the prospects of the Group.

Liquidity and Financial Resources

The Group principally finances its operations through internally generated cash flow and borrowings. As at June 30, 2023, the Group had approximately HK\$197.9 million cash and cash equivalents (as at December 31, 2022: approximately HK\$73.7 million), approximately HK\$54.0 million pledged bank deposits (as at December 31, 2022: approximately HK\$56.1 million) and interest-bearing borrowings of approximately HK\$217.4 million denominated in Renminbi (“RMB”) (as at December 31, 2022: approximately HK\$394.0 million denominated in RMB).

Charges on Asset

As at June 30, 2023, assets with a total carrying amount of approximately HK\$178.9 million (as at December 31, 2022: approximately HK\$322.7 million) of the Group were pledged, including property, plant and equipment, right-of-use assets and bank deposits for the Group’s borrowings.

Management Discussion and Analysis

Capital Structure

As at June 30, 2023 and December 31, 2022, 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 United States Dollar 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 USD 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 USD and RMB may have an impact on the operating results of the Group.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at June 30, 2023 amounted to approximately HK\$30.9 million (as at December 31, 2022: approximately HK\$197.6 million), which was mainly related to the acquisition of machineries and establishing a new production base in the PRC.

Contingent Liabilities

As at June 30, 2023, the Group had no contingent liabilities (as at December 31, 2022: Nil).

Significant Investment, Material Acquisition and Disposal

Reference is made to the announcement and the supplemental announcements of the Company dated January 9, 2023, January 16, 2023 and March 17, 2023 and the circular of the Company dated March 24, 2023. On January 9, 2023, PanAsia Aluminium Limited and PanAsia Aluminium (China) Co., Ltd.* (榮陽鋁業(中國)有限公司) (collectively, "**Vendors**"), PanAsia Enterprises (Nanyang) Co., Ltd.* (榮陽實業(南陽)有限公司) (as the Vendors' guarantor), Jiangmen Jiantai Enterprises Co., Ltd.* (江門市健泰實業有限公司) ("**Purchaser**"), Jiangmen Zhenyi Enterprises Co., Ltd.* (江門市鎮怡實業有限公司) (as the Purchaser's guarantor) and PanAsia Enterprises (Jiangmen) Co., Ltd.* (榮陽實業(江門)有限公司) ("**Disposal Company**") entered into sale and purchase agreement ("**SPA**"), pursuant to which, amongst others, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Disposal Company, at the consideration of RMB34.8 million (subject to adjustment) ("**Disposal**"). On March 17, 2023, the Vendors, the Purchaser and the Disposal Company have entered into a waiver letter in relation to, amongst others, certain arrangements in relation to the discharge and release of collaterals in relation to the loans in the total outstanding amount of RMB105.2 million owing by the Disposal Company to a bank in the PRC. The Disposal constituted a major transaction of the Company and the Company has obtained written approval for the SPA and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Easy Star Holdings Limited, which is the beneficial owner of 900,000,000 Shares (representing approximately 75.0% of the entire issued share capital of the Company). Completion took place on March 24, 2023 and the final adjusted consideration was RMB35,971,340.

Management Discussion and Analysis

Based on the final consideration (after adjustment), the Group would record a net gain of approximately HK\$9.1 million as a result of the Disposal. The actual gain/loss will be determined based on the actual amount received by the Group and the obligations of the Group under the SPA (including but not limited to the indemnity provided by the Group in respect of third party liabilities arising from events subsisting before the date of completion, e.g. compensation relating to the legal dispute between the Disposal Company and the contractor on constructions on the land) and may be different from the above estimation; and such gain/loss is subject to final audit to be performed by the Company's auditors.

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

Future Plans for Material Investments or Capital Assets

Except the future plans as disclosed in the paragraph headed "Prospect", the Group had no other future plans for material investments or capital assets as at June 30, 2023.

Employee Information and Remuneration Policies

As at June 30, 2023, the Group employed approximately 883 staff (as at December 31, 2022: 1,179). 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 development opportunities according to their needs. During the Period, the Group incurred staff costs (including Directors' emoluments) of approximately HK\$39.0 million (2022 Period: approximately HK\$66.5 million).

Event After Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2023 and up to the date of this report.

Other Information

INTERIM DIVIDEND

At the meeting of the Board held on August 28, 2023, the Board did not declare an interim dividend for the Period.

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 ("**Participant(s)**") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The Share Option Scheme expired on January 18, 2023. 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) the 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 January 1, 2023, the outstanding number of options available for issue under the Share Option Scheme is 31,912,000, representing approximately 2.7% of the issued shares of the Company and as at June 30, 2023, no outstanding number of option is available for issuance under the Share Option Scheme after its expiry on January 18, 2023.

Other Information

The total number of ordinary shares available for issue in respect of options granted under the Share Option Scheme is 23,952,000, representing approximately 2.0% of the weighted average number of the shares in issue for the six months ended June 30, 2023 (i.e. 1,200,000,000 shares).

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	Balance as at January 1, 2023	Number of share options				Balance as at June 30, 2023
					Granted during the Period	Exercised during the Period	Lapsed during the Period	Surrendered during the Period	
Directors									
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
Other Participants									
Mr. Leung Ka Tin <i>(Note 4)</i>	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
Employees	23/12/2019	0.396 <i>(Note 1)</i>	23/12/2019 – 22/12/2029 <i>(Note 2)</i>	11,192,000	-	-	(1,640,000)	-	9,552,000
Consultant(s) <i>(Note 3)</i>	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
Total				25,592,000	-	-	(1,640,000)	-	23,952,000

Notes:

Save as disclosed herein, there are no other Directors, chief executive or substantial shareholders of the Company, or their respective associates that have been granted share options pursuant to the Share Option Scheme.

** No participants were granted options in excess of the 1% individual limit pursuant to the Share Option Scheme.

*** No related entity participant or service provider for goods or services were granted options pursuant to the Share Option Scheme.

1. The closing price of the shares of the Company immediately before December 23, 2019, on which those options were granted, was HK\$0.38.

Other Information

2. The share options are exercisable for a period of 10 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. No performance targets attached to the options.
3. The share options were granted to a sales and marketing relations consultant appointed on July 1, 2019. The rationale for such grant was to serve as the consideration of the services provided by the consultant.
4. The terms of Leung Ka Tin as an independent non-executive Director was expired on April 1, 2023 and he remains as a consultant to the Company.

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 recognise 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 of the Company 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.

Movement and position

The number of awards that are available for grant under the scheme limit (i.e. 60,000,000 shares) as at the beginning of the Period was 54,619,000 Shares and as at the end of the Period was 54,619,000 Shares, representing approximately 4.6% of the weighted average number of the shares in issue for the six months ended June 30, 2023 (i.e. 1,200,000,000 shares).

As at the beginning and end of the Period and as at the date of this report, there was no Awarded Shares outstanding under the Share Award Scheme.

No award was granted under the Share Award Scheme during the Period. No award was exercised, vested, cancelled or lapsed under the Share Award Scheme 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, 2023, 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 to 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 3)
Mr. Pan Zhaolong	Other (Note 2)	900,000,000	–	75%
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”.
- Easy Star Holdings Limited is the registered holder of the 900,000,000 shares of the Company. Easy Star Holdings Limited is wholly-owned by Marina Star Limited. The entire issued share capital of Marina Star Limited was owned by Genesis Trust & Corporate Services Ltd. as trustee for The Pan Family Trust, a discretionary trust under which Mr. Pan Zhaolong, the Chairman, executive Director and chief executive officer of the Company, is a nominated beneficiary.
- The percentage represents the number of shares of the Company interested divided by the number of the issued shares of the Company as at June 30, 2023 (i.e. 1,200,000,000 shares).

Save as disclosed above, as at June 30, 2023, 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, 2023, 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%
Genesis Trust & Corporate Services Ltd. <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 Genesis Trust & Corporate Services Ltd. as trustee for The Pan Family Trust. The Pan Family Trust was a discretionary trust. Mr. Pan Zhaolong, the Chairman, executive Director and chief executive officer of the Company, is a nominated beneficiary under The Pan Family Trust.

Save as disclosed above, as at June 30, 2023, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 ("**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the Period with the exception of the following deviation:

Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Since July 1, 2022, the chairman and chief executive officer of the Company are performed by same individual, Mr. Pan Zhaolong. The Board would meet regularly to consider major matters affecting the operations of the Company. It is considered that this structure would not impair the balance of power and authority between the Directors and the management of the Company and believe that the current structure would enable the Group to make and implement decisions promptly and efficiently. However, going forward, the Board will review from time to time the need to separate the roles of the chairman and the chief executive officer if the situation warrants it.

CHANGES OF DIRECTORS' INFORMATION

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

Mr. Man Yiu Kwong Nick ("**Mr. Man**"), an independent non-executive Director, has been re-designated as the chairman of the Audit Committee and the Nomination Committee with effect from April 1, 2023. The director's fee of Mr. Man has been increased from HK\$15,000 per month to HK\$20,000 per month with effect from April 1, 2023.

Dr. Cheung Wah Keung ("**Dr. Cheung**"), an independent non-executive Director, has resigned as the independent non-executive director of Sky Light Holdings Limited (stock code: 3882), a company listed on Main Board of the Exchange, with effect from February 28, 2023. Dr. Cheung has also been appointed as an independent non-executive director of Sinomax Group Limited (stock code: 1418), a company listed on Main Board of the Exchange, with effect from June 16, 2023.

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

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.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company and any of its subsidiaries have not redeemed any of its listed securities during the Period. 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 hereof.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive Directors, namely Dr. Cheung Wah Keung, Mr. Chan Kai Nang and Mr. Man Yiu Kwong Nick.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, as well as the unaudited consolidated interim financial statements for the Period 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

Pan Zhaolong

Chairman and Executive Director

Hong Kong, August 28, 2023