

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



PanAsialum Holdings Company Limited

榮陽實業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2078)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

Financial Highlights

- Revenue for the six months ended June 30, 2021 was HK\$993 million, an increase of 12.2% compared with HK\$885 million the corresponding period in year 2020;
- Gross profit for the six months ended June 30, 2021 was HK\$72 million, an increase of 18.3% as compared with HK\$61 million for the corresponding period in year 2020;
- Loss attributable to owners of the Company for the six months ended June 30, 2021 was HK\$85 million, compared with a loss HK\$145 million for the corresponding period in year 2020; and
- Basic loss per share for the six months ended June 30, 2021 of 7.1 HK cents (six months ended June 30, 2020: 12.1 HK cents).

The board (“**Board**”) of directors (“**Directors**”) of PanAsialum Holdings Company Limited (“**Company**”, together with its subsidiaries, “**Group**”) announces the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2021, together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

		Unaudited June 30, 2021 HK\$'000	Audited December 31, 2020 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	7	926,620	919,125
Right-of-use assets		332,694	338,087
Prepayments for property, plant and equipment		107,676	44,894
		<u>1,366,990</u>	<u>1,302,106</u>
Current assets			
Inventories		245,208	270,740
Trade receivables	8	471,994	394,867
Prepayments, deposits and other receivables		326,553	2,015,089
Pledged bank deposits		26,189	2,124
Cash and cash equivalents		207,505	26,749
		<u>1,277,449</u>	<u>2,709,569</u>
Total assets		<u>2,644,439</u>	<u>4,011,675</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	9	120,000	120,000
Reserves		1,033,693	1,106,852
Total equity attributable to owners of the Company		<u>1,153,693</u>	<u>1,226,852</u>

		Unaudited	Audited
		June 30,	December 31,
		2021	2020
<i>Notes</i>		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		137	4,241
Borrowings	<i>10</i>	81,330	87,666
Tax liabilities		307,118	—
		388,585	91,907
Current liabilities			
Trade and bills payables	<i>11</i>	137,993	147,011
Contract liabilities, other payables and accrued charges		409,994	364,014
Borrowings	<i>10</i>	451,965	1,747,321
Lease liabilities		10,753	11,595
Deferred income on government grants		18,530	18,532
Current income tax liabilities		72,926	404,443
		1,102,161	2,692,916
Total liabilities		1,490,746	2,784,823
Total equity and liabilities		2,644,439	4,011,675

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

		Unaudited six months ended June 30, 2021 HK\$'000	Unaudited six months ended June 30, 2020 HK\$'000
	Notes		
Revenue	6	992,800	884,518
Cost of sales	6	<u>(920,613)</u>	<u>(823,475)</u>
Gross profit		72,187	61,043
Distribution and selling expenses		(41,923)	(37,042)
Administrative expenses		(111,353)	(112,972)
Other income		27,447	8,923
Other losses – net	13	(3,925)	(11,465)
Finance costs – net	14	<u>(27,209)</u>	<u>(50,308)</u>
Loss before income tax	12	(84,776)	(141,821)
Income tax expense	15	<u>(617)</u>	<u>(3,592)</u>
Loss for the Period		<u>(85,393)</u>	<u>(145,413)</u>
Loss per share for loss attributable to the owners of the Company (Basic and diluted HK cents per share)	17	<u>(7.1)</u>	<u>(12.1)</u>
Loss for the Period		(85,393)	(145,413)
Other comprehensive income: Item that may be reclassified subsequently to profit or loss: Currency translation differences		<u>12,234</u>	<u>1,054</u>
Total comprehensive income for the Period		<u>(73,159)</u>	<u>(144,359)</u>

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.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended June 30, 2021 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, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

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, 2020, as described in those annual consolidated financial statements.

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

- Amendments to HKFRS 16, Covid-19-related rent concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform — phase 2

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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, 2020.

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, 2020.

6 REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and trading of aluminium products which are operating in four geographical areas, namely the 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 executive directors (“ED(s)”) of the Company.

The tables below present geographical segment information.

	Unaudited six months ended June 30, 2021				
	South				
	The PRC	Australia	East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	452,540	136,943	334,616	68,701	992,800
Cost of sales	(433,517)	(107,673)	(321,689)	(57,734)	(920,613)
Gross profit	<u>19,023</u>	<u>29,270</u>	<u>12,927</u>	<u>10,967</u>	<u>72,187</u>

	Unaudited six months ended June 30, 2020				
	South				
	The PRC	Australia	East Asia	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	543,598	88,094	108,629	144,197	884,518
Cost of sales	(511,553)	(71,068)	(107,114)	(133,740)	(823,475)
Gross profit	<u>32,045</u>	<u>17,026</u>	<u>1,515</u>	<u>10,457</u>	<u>61,043</u>

7 PROPERTY, PLANT AND EQUIPMENT

	Unaudited six months ended June 30, 2021 HK\$'000	Audited year ended December 31, 2020 HK\$'000
Opening net book amount	919,125	1,009,088
Exchange differences	9,685	55,636
Additions	50,508	37,467
Disposals	(3,306)	(71,252)
Depreciation (Note 12)	<u>(49,392)</u>	<u>(111,814)</u>
Closing net book amount	<u>926,620</u>	<u>919,125</u>

8 TRADE RECEIVABLES

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 (2020: Same). The Group does not hold any collateral as security.

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

	Unaudited June 30, 2021 HK\$'000	Audited December 31, 2020 HK\$'000
Current	343,087	261,306
1 – 30 days	26,615	46,850
31 – 60 days	21,950	18,836
61 – 90 days	53,967	20,353
91 – 180 days	25,101	34,334
181 days – 1 year	815	12,470
More than 1 year	459	718
	<u>471,994</u>	<u>394,867</u>

As at June 30, 2021, receivables of HK\$343,087,000 were neither past due nor impaired (as at December 31, 2020: HK\$261,306,000). 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 nil to financial institution in exchange for cash as at June 30, 2021 (as at December 31, 2020: HK\$23,059,000). The transactions have been accounted for as collateralized borrowings (Note 10).

As at June 30, 2021, all trade receivables were non-interest bearing (as at December 31, 2020: Same).

9 SHARE CAPITAL

	Unaudited June 30, 2021		Audited December 31, 2020	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
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, 2021 HK\$'000	Audited December 31, 2020 HK\$'000
Current		
Collateralized borrowings of a financial institution (<i>Note 8</i>)	–	16,016
Other loans	<u>451,965</u>	<u>1,731,305</u>
	<u>451,965</u>	<u>1,747,321</u>
Non-current		
Other loans	<u>81,330</u>	<u>87,666</u>
Total	<u><u>533,295</u></u>	<u><u>1,834,987</u></u>

As at June 30, 2021, the effective interest rate of the interest-bearing borrowings was 4.69% per annum (as at December 31, 2020: 5.99% per annum). The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

As at June 30, 2021, the Group's facilities were secured by the following:

- (i) guarantees of the Company and certain subsidiaries (December 31, 2020: Same);
- (ii) guarantees of a former executive director of the Company (December 31, 2020: former executive directors);
- (iii) guarantees of a director of the Company and a PRC subsidiary (December 31, 2020: certain directors of the Company and PRC subsidiaries);
- (iv) guarantee of a state-owned enterprise of the PRC (December 31, 2020: two state-owned enterprises);
- (v) no inventories pledged (December 31, 2020: pledged certain inventories of the Group);
- (vi) no trade and other receivables pledged (December 31, 2020: pledged Group's certain trade and other receivables);
- (vii) pledge of the Group's certain property, plant and equipment and right-of-use assets (December 31, 2020: Same);
- (viii) pledge of certain subsidiaries' share capital (December 31, 2020: Same); and
- (ix) pledge of the Group's certain bank deposit.

11 TRADE AND BILLS PAYABLES

As at June 30, 2021 and December 31, 2020, the ageing analysis of the Group's trade and bills payables based on invoice date was as follows:

	Unaudited June 30, 2021 HK\$'000	Audited December 31, 2020 HK\$'000
0 – 30 days	35,986	55,291
31 – 60 days	31,211	20,939
61 – 90 days	31,095	10,410
Over 90 days	39,701	60,371
	<u>137,993</u>	<u>147,011</u>

12 EXPENSES BY NATURE

	Unaudited six months ended June 30, 2021 HK\$'000	Unaudited six months ended June 30, 2020 HK\$'000
Operating loss is stated after charging/(crediting) the following:		
Auditor's remuneration		
– current period	1,500	2,000
– prior period over provision	(200)	(700)
Cost of inventories recognized as expenses	920,613	823,475
Employee benefit expenses (include wages and salaries)	100,415	125,824
Depreciation of property, plant and equipment (<i>Note 7</i>)	49,392	56,477
Depreciation of right-of-use assets	9,170	9,793
Write off of right-of-use assets	–	806
Impairment loss on trade receivables	761	3,965
Impairment loss on inventories	7,495	2,999
Equity settled share-based payments to the consultant of the Group	<u>–</u>	<u>983</u>

13 OTHER LOSSES – NET

	Unaudited six months ended June 30, 2021 HK\$'000	Unaudited six months ended June 30, 2020 HK\$'000
Net exchange losses	(3,925)	(11,465)
	<u>(3,925)</u>	<u>(11,465)</u>

14 FINANCE INCOME AND COSTS

	Unaudited six months ended June 30, 2021 HK\$'000	Unaudited six months ended June 30, 2020 HK\$'000
Interest income:		
Interest income on bank deposits	1,046	438
Finance income	<u>1,046</u>	<u>438</u>
Interest expenses:		
Interest expense on lease liabilities	(464)	(871)
Interest expense on borrowings	(27,791)	(49,875)
Finance costs	<u>(28,255)</u>	<u>(50,746)</u>
Finance costs – net	<u>(27,209)</u>	<u>(50,308)</u>

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, 2021 (2020: 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, 2021 (2020: same).

	Unaudited six months ended June 30, 2021 HK\$'000	Unaudited six months ended June 30, 2020 HK\$'000
Hong Kong profits tax		
– current period	–	(1,994)
Overseas taxation		
– under provision in prior year	<u>(617)</u>	<u>(1,598)</u>
	<u>(617)</u>	<u>(3,592)</u>

16 DIVIDENDS

No dividend has been declared by the Company for the six months ended June 30, 2021 and 2020.

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, 2021	Unaudited six months ended June 30, 2020
Loss attributable to owners of the Company (HK\$'000)	<u>(85,393)</u>	<u>(145,413)</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>(7.1)</u>	<u>(12.1)</u>

Diluted

For the six months ended June 30, 2021 and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The COVID-19 pandemic has brought unprecedented challenges to the world. It caused severe disruption to the global supply chain. Demand and supply chains were seriously affected. Besides, the price rise in aluminium for the first six months of year 2021 rapidly increased the production cost. Despite these, for the six months ended June 30, 2021 (“**Period**”), the Group’s core business has improved progressively as compared to the six months ended June 30, 2020 (“**2020 Period**”), as it has put in place different measures to minimize the impact as well as to reduce cost.

The total operating revenue of the Group for the Period was HK\$993 million (2020 Period: HK\$885 million), representing an increase of 12.2% as compared with the corresponding period in 2020. The gross profit margin of the Group increased to 7.3% for the Period (2020 Period: 6.9%). The loss attributable to owners of the Company for the Period was HK\$85 million (2020 Period: HK\$145 million), demonstrating its resilience despite the current challenging business environment.

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, 2021				
	The PRC	Australia	South East Asia	Others	Total
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Sales to external customers	452,540	136,943	334,616	68,701	992,800
Cost of sales	(433,517)	(107,673)	(321,689)	(57,734)	(920,613)
Gross profit	<u>19,023</u>	<u>29,270</u>	<u>12,927</u>	<u>10,967</u>	<u>72,187</u>

	Unaudited six months ended June 30, 2020				
	South				
	The PRC	Australia	East Asia	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales to external customers	543,598	88,094	108,629	144,197	884,518
Cost of sales	<u>(511,553)</u>	<u>(71,068)</u>	<u>(107,114)</u>	<u>(133,740)</u>	<u>(823,475)</u>
Gross profit	<u>32,045</u>	<u>17,026</u>	<u>1,515</u>	<u>10,457</u>	<u>61,043</u>

The increase in overall revenue during the Period was mainly attributable to the continued increasing sales in the South East Asia market and an increase in sales in Australia offsetting the decrease of revenue in the PRC. The increase in revenue in Australia were attributable to the recovery effect post the outbreak of COVID-19 during the Period.

Cost of sales

With the increase in sales, cost of sales increased by 11.8% from HK\$823 million for the 2020 Period to HK\$920 million for the Period.

Gross profit

Gross profit increased by 18.2% from HK\$61 million for the 2020 Period to HK\$72 million for the Period, and the increase in gross profit margin from 6.9% for the 2020 Period to 7.3% for the Period was due to (i) an increase in sales turnover for the Period; and (ii) measures taken to reduce cost.

Distribution and selling expenses

Distribution and selling expenses increased from HK\$37 million for the 2020 Period to HK\$42 million for the Period. It consisted of mainly transportation expenses and staff related expenses which was in line with increase in sales.

Administrative expenses

Administrative expenses decreased from HK\$113 million for the 2020 Period to HK\$111 million for the Period. It was mainly due to the decrease in operating expenses, especially employee benefit expenses and administrative staff cost.

Other losses – net

Other losses decreased from HK\$11 million for the 2020 Period to HK\$4 million for the Period. The loss was mainly due to the effect of the depreciation of Australian Dollar (“AUD”) against Hong Kong Dollar (“HKD”) during the Period.

Finance income

Finance income increased from HK\$0.4 million for the 2020 Period to HK\$1 million for the Period. It mainly comprised of interest income.

Finance costs

Finance costs amounted to HK\$28 million for the Period compared to HK\$51 million for 2020 Period. The decrease in finance cost is due to the repayment of borrowings during the Period.

Income tax expenses

Income tax expenses of HK\$0.6 million was mainly incurred in China for the Period.

Prospect

Despite both global economy and business environment are still under uncertainties over COVID-19 pandemic and tensions between mainland China and several major economies, the Group remains committed to creating value for shareholders and to streamline its businesses to focus on its core competency. In the medium to longer term, the management has great confidence in the future of our Group. The Company has seen signs of recovery for the Period post the outbreak of COVID-19 from year 2020 and it may take a few more quarters for business volumes to ramp up.

The land in Zengcheng had already been officially transferred to the Local Office of Zengcheng People's Government pursuant to the land disposal agreement. The auction of the land took place on December 25, 2020. The compensation amount of the land disposal was RMB1.57 billion, RMB1.53 billion of which had been fully received in the first quarter of 2021. The Board is of the view that the Group's financial position will be significantly strengthened and the proceeds will provide the Group with additional working capital for its future business development.

The Group remains to be engaged in our expansion plans, including the proposed establishment of a new production base in Heshan Industrial City for manufacturing and production of high performance and high precision aluminium products, such as high-end aluminium alloys and moulds, hardware parts, heatsinks and other electronic parts mainly, to fulfill the needs of the China and overseas market. Please refer to the paragraph headed "Event After Reporting Period" below for the latest development of the production base in Heshan Industrial City.

Meanwhile the Group has made further progress in streamlining its non-core businesses such as discontinuing the production lines in Xinjiang. The Group aimed to geographically expand its production capacity and distribution network as and when suitable opportunities arise.

Liquidity and Financial Resources

The Group principally finances its operations through internally generated cash flow and borrowings. As at June 30, 2021, the Group had HK\$208 million cash and cash equivalents (as at December 31, 2020: HK\$27 million), HK\$27 million pledged bank deposits (as at December 31, 2020: HK\$2 million) and interest-bearing borrowings of HK\$533 million denominated in Renminbi (“**RMB**”) (as at December 31, 2020: HK\$1,835 million denominated in RMB).

Charges on Asset

As at June 30, 2021, HK\$320 million (as at December 31, 2020: HK\$323 million) of land use rights, HK\$nil million (as at December 31, 2020: HK\$30 million) of buildings, HK\$55 million (as at December 31, 2020: HK\$91 million) of plant and machinery, nil (as at December 31, 2020: HK\$1,805 million) of trade receivables, nil (December 31, 2020: HK\$241 million) of inventories and HK\$24 million (December 31, 2020: nil) of bank deposits of the Group were pledged as security for the Group’s bank borrowings.

Capital Structure

As at June 30, 2021 and December 31, 2020, 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 AUD, 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 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 the fluctuations in aluminium price. Any change in aluminium price could affect the Group’s financial performance.

Capital Commitments

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at June 30, 2021 amounted to approximately HK\$204 million (as at December 31, 2020: HK\$253 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, 2021, the Group had no contingent liabilities (as at December 31, 2020: Nil).

Employee Information and Remuneration Policies

As at June 30, 2021, the Group employed approximately 1,800 staff (as at December 31, 2020: 2,200). 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 HK\$100 million (2020 Period: HK\$126 million).

Event After Reporting Period

The Group has initiated a claim against 國恒建設集團有限公司 (Guoheng Construction Group Co., Ltd.) as defendant for illegitimate sub-contracting, quality defects, etc. in respect of the construction works at Heshan Industrial City. As at the date of this announcement, the above-mentioned event is not expected to have any material adverse effect on the financial conditions and operations of the Group. The Group intends to accept or seek an amicable settlement with the defendant.

Save as disclosed herein, there were no important events affecting the Group that had occurred after the reporting period.

OTHER INFORMATION

INTERIM DIVIDEND

At the meeting of the Board held on August 26, 2021, the Board did not declare an interim dividend for 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.

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 Rules Governing the Listing of Securities on the Exchange ("**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 hereof that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Mar Selwyn ("**Mr. Mar**") resigned as an independent non-executive Director and was appointed as a senior adviser to the Board with effect from July 23, 2021. He has ceased to be the chairman of the audit committee of the Company ("**Audit Committee**") with effect from June 28, 2021. Mr. Mar has also ceased to be a director and became a consultant of Nexia Charles Mar Fan Limited with effect from June 30, 2021.

Mr. Leung Ka Tin, the independent non-executive Director, has been appointed as the chairman of the Audit Committee with effect from June 28, 2021.

Dr. Cheung Wah Keung, the independent non-executive Director, has been appointed as a member of the Audit Committee with effect from June 28, 2021.

Mr. Chan Kai Nang, the independent non-executive Director, has resigned as an independent non-executive director of Burwill Holdings Limited (Stock Code: 24) with effect from August 11, 2021.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules ("**Model Code**") 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.

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 Mr. Leung Ka Tin, Dr. Cheung Wah Keung and Mr. Chan Kai Nang.

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.

Publication of Interim Report

This interim results announcement is published on the websites of the Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.palum.com>). The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

By order of the Board
PanAsialum Holdings Company Limited
Cheung Wah Keung
*Independent Non-executive Chairman
and Independent Non-executive Director*

Hong Kong, August 26, 2021

As at the date of this announcement, the executive directors of the Company are Mr. Gao Mingjie, Ms. Li Jiewen and Mr. Pan Zhaolong; and the independent non-executive directors of the Company are Mr. Leung Ka Tin, Dr. Cheung Wah Keung and Mr. Chan Kai Nang.