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## **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, 2023**

#### **Financial Highlights**

- Revenue for the six months ended June 30, 2023 was HK\$479.0 million, a decrease of 51.2% compared with HK\$982.0 million the corresponding period in year 2022;
- Gross profit for the six months ended June 30, 2023 was HK\$71.2 million, a decrease of 47.5% as compared with HK\$135.6 million for the corresponding period in year 2022;
- Gross profit margin for the six months ended June 30, 2023 was 14.9%, an increase of 8.0% as compared with 13.8% for the corresponding period in year 2022;
- Profit attributable to owners of the Company for the six months ended June 30, 2023 was HK\$0.5 million, compared with HK\$0.4 million for the corresponding period in year 2022; and
- Basic earnings per share for the six months ended June 30, 2023 of 0.04 HK cents (six months ended June 30, 2022: 0.04 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, 2023, together with the comparative figures for the corresponding period in 2022.

## 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>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
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>
<b>Current assets</b>			
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>
<b>Total assets</b>		<u><u>1,397,839</u></u>	<u><u>1,684,003</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	9	120,000	120,000
Reserves		565,833	596,030
<b>Total equity attributable to owners of the Company</b>		<u>685,833</u>	<u>716,030</u>

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

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended June 30, 2023*

	<i>Notes</i>	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	Unaudited six months ended June 30, 2022 HK\$'000
Revenue	6	<b>478,976</b>	981,971
Cost of sales		<b>(407,776)</b>	(846,390)
<b>Gross profit</b>		<b>71,200</b>	135,581
Distribution and selling expenses		<b>(13,926)</b>	(35,265)
Administrative expenses		<b>(87,419)</b>	(98,708)
Other income		<b>31,429</b>	21,515
Other losses – net	13	<b>(372)</b>	(11,256)
Finance costs – net	14	<b>(7,223)</b>	(11,441)
<b>(Loss)/profit before income tax</b>		<b>(6,311)</b>	426
Income tax credit	15	<b>6,801</b>	–
<b>Profit for the period</b>		<b>490</b>	426
<b>Earnings per share attributable to owners of the Company</b>			
Basic (HK cents per share)	17	<b>0.04</b>	0.04
Diluted (HK cents per share)	17	<b>0.04</b>	0.04
<b>Profit for the period</b>		<b>490</b>	426
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		<b>(31,640)</b>	(52,502)
<b>Items reclassified to profit or loss:</b>			
Exchange differences reclassified to profit or loss upon disposal of a subsidiary		<b>953</b>	–
Other comprehensive income for the period		<b>(30,687)</b>	(52,502)
<b>Total comprehensive income for the period</b>		<b>(30,197)</b>	(52,076)

# 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 statements 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 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.

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.

### **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.

#### **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**

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.

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.

	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	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
	<u>478,976</u>	<u>981,971</u>

## 7 PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	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 ( <i>Note 12</i> )	(33,435)	(83,849)
	<u>457,879</u>	<u>634,661</u>



## 8 TRADE RECEIVABLES

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

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.

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

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

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

	<b>Unaudited June 30, 2023</b>		Audited December 31, 2022	
	<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	<b>2,400,000,000</b>	<b>240,000</b>	2,400,000,000	240,000
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Issued and fully paid:	<b>1,200,000,000</b>	<b>120,000</b>	1,200,000,000	120,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 10 BORROWINGS

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

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 bank 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.

## 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:

	<b>Unaudited June 30, 2023 HK\$'000</b>	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

	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	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 ( <i>Note 7</i> )	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 ( <i>Note</i> )	(9,066)	–
	<u>(9,066)</u>	<u>–</u>

*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

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

## 14 FINANCE INCOME AND COSTS

	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	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	(125)	(388)
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>

## 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).

	<b>Unaudited six months ended June 30, 2023 HK\$'000</b>	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	<u>6,142</u>	<u>–</u>
	<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.

## 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.

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

### 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.

**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.

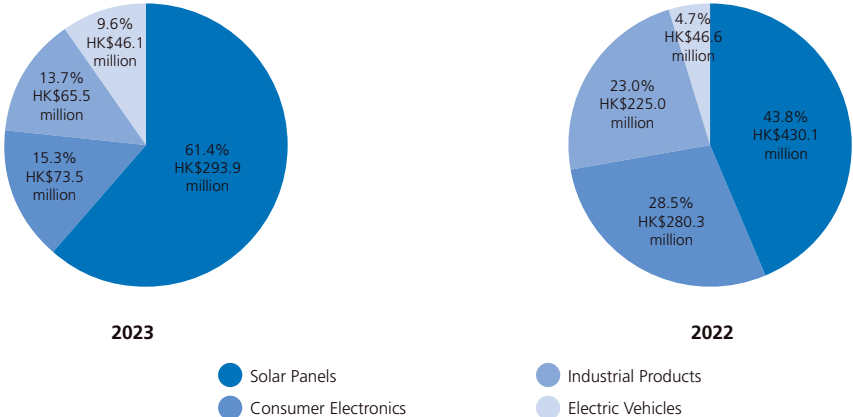
**Performance Overview**

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.

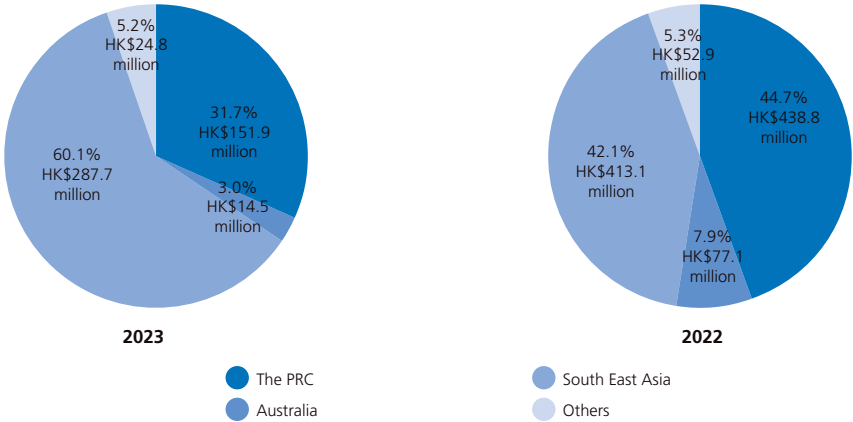
**Revenue**

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



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.

**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.

### **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.

### **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.

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 announcement.

## 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.

### 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 (“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 for Securities Transactions by Directors of Listed Companies (“**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.

### **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.

### **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.

On behalf of the Board of  
**PanAsialum Holdings Company Limited**  
**Pan Zhaolong**  
*Chairman and Executive Director*

Hong Kong, August 28, 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Pan Zhaolong and Mr. Ho Pak Yiu; and the independent non-executive directors of the Company are Dr. Cheung Wah Keung, Mr. Chan Kai Nang and Mr. Man Yiu Kwong, Nick.*