PDT

Innovativity To Productivity

PRODUCTIVE TECHNOLOGIES COMPANY LIMITED

普達特科技有限公司*

(Incorporated in Bermuda and continued in the Cayman Islands with limited liability)

(Stock Code: 650)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Productive Technologies Company Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2023 (the "**Reporting Period**"). The interim results of the Group are unaudited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CORPORATE PROFILE

The Group is engaged in the semiconductor and pan-semiconductor business of productivity-driven equipment applied in semiconductor and solar cell businesses. It also operates an oil and gas production project in the People's Republic of China (the "**PRC**").

During the Reporting Period, the Company has commenced businesses in development and manufacturing of innovative Wafer Fabrication Equipment ("**WFE**") and solar cell production equipment. WFE comprises high-end single wafer cleaning and low pressure chemical vapor deposition ("**LPCVD**") equipment for front-end wafer processing. Solar cell production equipment includes wet chemical cleaning equipment and copper plating equipment. The Company has established and acquired companies in China and abroad for the operation, research and development ("**R&D**"), and manufacturing of the above-mentioned businesses (among which LPCVD equipment is currently under development), which mainly include Productive Technologies (Shanghai) Limited* (上海普達特半導體設備有限公司) ("**PDT Shanghai**"), Productive Technologies (Xuzhou) Limited* (普達特半導體設備(徐州)有限公司) ("**PDT Xuzhou**"), Productive Equipment

Technologies (Shanghai) Co., Ltd.* (上海普達特設備科技有限公司) ("**PDT Technologies**"), Rena Solar Technologies (Yiwu) Co., Ltd.* (瑞納太陽能科技(義烏)有限公司) ("**Rena Yiwu**") and Xinkai Semiconductor Equipment (Xuzhou) Co., Ltd.* (芯愷半導體設備(徐州)有限責任公司) ("**Xinkai**"). Xilin Gol League Hongbo Mining Development Company Limited* (錫林郭勒盟宏博礦業開發有限公司) ("**Hongbo Mining**") is a subsidiary of the Company engaged in sale of crude oil. The principal business of the major subsidiaries and investment portfolio companies are set out as below:

- PDT Shanghai, established on 14 January 2022, is a wholly-owned subsidiary of the Company. It is engaged in the sales, R&D and engineering services of equipment for semiconductor, including but not limited to backside thinning equipment, bulk cleaning equipment, solvent equipment, SPM cleaning equipment with specifications of 6 inches, 8 inches and 12 inches.

- PDT Technologies and Rena Yiwu are wholly-owned subsidiaries acquired by the Company on 18 August 2022. They are mainly responsible for the sales, R&D and engineering services of equipment for solar cell, including but not limited to cleaning equipment and copper plating equipment. The Company holds 100% equity interest and has consolidated the financial results of PDT Technologies and Rena Yiwu into its financial statements upon completion of the acquisitions.

- PDT Xuzhou, established on 22 February 2022, is a wholly-owned subsidiary of the Company. It is engaged in the manufacturing of equipment for semiconductor and solar cell as stated above based on the business needs of PDT Shanghai and PDT Technologies.

- Xinkai, established on 18 August 2022, is a subsidiary 65% controlled by the Company. It is engaged in the sales, R&D and manufacturing of LPCVD high-end processing equipment.

- Hongbo Mining is a wholly-owned subsidiary acquired by the Company in 2016. It is an operating company engaged in the exploration, development, production and sales of crude oil in China with its gross sales volume of approximately 144,603 barrels, and gross revenue from sales of approximately HK$92.0 million for the Reporting Period.

- Weipin ("**Weipin**"), a mobility sector portfolio company acquired by the Group in 2019, is principally engaged in the online ridehailing services business in China. The Company effectively holds 35.5% equity interest in Weipin and classifies the investment in Weipin as interest in an associate in the Group's consolidated financial statements.

Note: Terms used in this section have the same meanings as those defined in the subsequent sections of this interim results announcement.

FINANCIAL SUMMARY

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from sales *(Note 1)*	**336,257**	432,746
— from sales of equipment *(Note 1)*	**248,263**	333,458
— from sales of crude oil *(Note 1)*	**73,563**	99,288
— from services	**14,431**	–
Gross profit *(Note 2)*	**54,734**	60,809
Investment (loss)/income *(Note 3)*	**(24,662)**	21,866
EBITDA	**(88,706)**	8,025
Loss before taxation	**(145,830)**	(32,610)
Loss for the period *(Note 4)*	**(149,834)**	(42,989)
— Attributable to equity shareholders of the Company	**(141,665)**	(42,989)
— Attributable to non-controlling interests	**(8,169)**	–
Basic and diluted loss per share (HK$ per share)	**(1.884 cent)**	(0.568 cent)

	As at	
	30 September 2023	31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets	**1,227,560**	1,296,886
Current assets	**1,517,632**	1,615,549
Total assets	**2,745,192**	2,912,435
Current liabilities	**692,904**	594,682
Non-current liabilities	**98,309**	116,290
Total liabilities	**791,213**	710,972
Net assets	**1,953,979**	2,201,463
Total equity attributable to equity shareholders of the Company	**1,964,536**	2,206,849

Note 1: The revenue represents:

(1) the revenue generated from the sales of semiconductor and solar cell cleaning equipment and the spare parts related to the equipment.

(2) the revenue generated from the net sales of crude oil produced by Hongbo Mining.

Note 2: The decrease in the gross profit was mainly due to the decrease of the margin from sales of crude oil due to the decline of crude oil price during the Reporting Period. The decrease was partially off-set by the increase in the margin from sales of semiconductor and solar cell cleaning equipment from the rapidly developing semiconductor and pan-semiconductor business.

Note 3: The investment loss stated here mainly includes (i) the net of investment income and losses in the form of fair value change from investment projects; and (ii) the gain or loss shared from associates. Please refer to “Key investment income/(loss)” in the section headed “Operating Summary” for further information.

Note 4: The loss for the period was primarily attributed to the administrative and R&D expenses of approximately HK$145.8 million resulted from the rapid development and expansion of the Company’s new semiconductor and pan-semiconductor business applied in semiconductor and solar industry, including share-based compensation expenses and R&D expenses and the R&D for 6 to 12 inches single wafer cleaning equipment, high WPH (Wafer Per Hour) solar wet processing equipment and copper plating equipment, which shall become major products of the Company.

OPERATING SUMMARY

		Six months ended 30 September **2023**	2022
Semiconductor and pan-semiconductor	**Solar Cell and Semiconductor Cleaning Equipment**		
	Order intake during the period (set) *(Note 1)*	**64**	31
	Tools shipment (set) *(Note 2)*	**67**	5
Oil and gas and others	**Upstream oil and gas business from Hongbo Mining**		
	Gross production volume (barrels) *(Note 3)*	**144,515**	154,312
	Gross sales volume (barrels) *(Note 3)*	**144,603**	154,810
	Net sales volume (barrels)	**115,682**	123,848
	Average unit selling price (HK$ per barrel) *(Note 3)*	**636**	853
	Average daily gross production volume (barrels)	**803**	857
	Average unit production cost before depreciation and amortisation (HK$ per barrel) *(Note 3)*	**145**	139
	Average unit production cost (HK$ per barrel) *(Note 3)*	**360**	354
	Wells drilled during the period — Oil producers (unit) *(Note 4)*	**4**	8
	Fracturing workover during the period (unit)	**0**	4
	Key investment income/(loss)	***HK$'000***	*HK$'000*
	Stonehold investment *(Note 5)*	**–**	20,331
	JOVO investment *(Note 5)*	**416**	23,044
	JUSDA investment *(Note 5)*	**(4,023)**	(8,472)

Note 1: After commencing the new business in the semiconductor and pan-semiconductor industry, the Company has been actively exploring its market and successfully received orders for 64 sets of solar cell and semiconductor cleaning equipment from customers during the Reporting Period. As of the date of this interim results announcement, the Company has received total purchase orders of 158 sets of solar cell and semiconductor cleaning equipment from customers.

Note 2: During the Reporting Period, the Company shipped 67 sets of solar cell and semiconductor cleaning equipment. As of the date of this interim results announcement, the Company has shipped 100 sets of solar cell and semiconductor cleaning equipment.

Note 3: Hongbo Mining is a subsidiary of the Company engaged in exploration, development, production and sale of crude oil in China. Hongbo Mining's gross production volume was used in the calculation of average unit production cost and average unit production cost before depreciation and amortisation which includes 20% of crude oil production volume as the entitlement for Shaanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau* (陝西延長石油(集團)有限責任公司(延長油礦管理局)) ("**Yanchang**"). The average unit selling price was calculated using the net sales amount and net sales volume which exclude Yanchang's 20% entitlement. Gross sales volume equals to the net sales volume plus Yanchang's 20% entitlement.

Note 4: During the Reporting Period, Hongbo Mining had successfully drilled 4 wells which had been completed as at 30 September 2023.

Note 5: Please refer to note 5 of the unaudited financial results and the section headed "Business Review" in this interim results announcement for further information.

For the purpose of this interim results announcement, unless otherwise indicated, exchange rates used are for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date. In respect of information of exchange rates that have been previously disclosed in the Company's announcements, the same exchange rates as disclosed in the respective announcements have been used herein.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2023 — unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**336,257**	432,746
Cost of sales		**(281,523)**	(371,937)
Gross profit		**54,734**	60,809
Investment (loss)/income	*5*	**(24,662)**	21,866
Other net gains		**7,602**	490
Administrative expenses		**(75,116)**	(59,671)
Research and development expenses		**(70,733)**	(15,665)
Selling and marketing expenses		**(15,051)**	(5,733)
Taxes other than income tax		**(10,138)**	(21,712)
Exploration expenses, including dry holes		**(496)**	(650)
Impairment loss on trade receivables		**(594)**	(572)
Loss from operations		**(134,454)**	(20,838)
Finance income		**10,057**	4,509
Finance costs		**(21,433)**	(16,281)
Net finance costs	*6(a)*	**(11,376)**	(11,772)
Loss before taxation	*6*	**(145,830)**	(32,610)
Income tax	*7*	**(4,004)**	(10,379)
Loss for the period		**(149,834)**	(42,989)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 September 2023 — unaudited (Continued)
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Equity shareholders of the Company		**(141,665)**	(42,989)
Non-controlling interests		**(8,169)**	–
Loss for the period		**(149,834)**	(42,989)
(Loss)/Earnings per share	*8*		
— Basic		**HK$(1.884 cent)**	HK$(0.568 cent)
— Diluted		**HK$(1.884 cent)**	HK$(0.568 cent)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2023 — unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2023	2022
	Note	***HK$'000***	*HK$'000*
Loss for the period		**(149,834)**	(42,989)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(39,160)**	(62,813)
Other comprehensive income for the period		**(39,160)**	(62,813)
Total comprehensive income for the period		**(188,994)**	(105,802)
Attributable to:			
Equity shareholders of the Company		**(179,371)**	(105,802)
Non-controlling interests		**(9,623)**	–
Total comprehensive income for the period		**(188,994)**	(105,802)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2023 — unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 September 2023** *HK$'000*	At 31 March 2023 *HK$'000*
Non-current assets			
Property, plant and equipment		**434,742**	467,087
Construction in progress		**1,766**	2,454
Intangible assets		**134,116**	144,052
Goodwill		**265,632**	265,632
Right-of-use assets		**42,012**	43,149
Interest in associates		**231,949**	252,821
Financial assets at fair value through profit or loss	*9*	**92,047**	99,940
Other non-current assets		**21,618**	18,881
Deferred tax assets		**3,678**	2,870
		1,227,560	1,296,886
Current assets			
Inventories		**495,508**	517,664
Trade receivables	*10*	**65,173**	38,891
Bills receivable	*10*	**6,114**	26,411
Other receivables	*10*	**45,940**	68,884
Prepayments		**77,637**	66,436
Financial assets at fair value through profit or loss	*9*	**12,723**	128,151
Other current assets		**59,580**	24,703
Restricted cash		**–**	269,620
Time deposits with maturities over three months but within one year		**297,323**	211,941
Cash and cash equivalents		**457,634**	262,848
		1,517,632	1,615,549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2023 — unaudited (Continued)
(Expressed in Hong Kong dollars)

	Note	**At 30 September 2023** ***HK$'000***	At 31 March 2023 *HK$'000*
Current liabilities			
Trade and other payables	*11*	**410,664**	343,793
Contract liabilities		**135,211**	176,064
Bank and other borrowings		**130,554**	63,970
Lease liabilities		**16,475**	10,855
		692,904	594,682
Net current assets		**824,728**	1,020,867
Total assets less current liabilities		**2,052,288**	2,317,753
Non-current liabilities			
Lease liabilities		**10,754**	23,367
Deferred tax liabilities		**10,363**	15,302
Provisions		**77,192**	77,621
		98,309	116,290
NET ASSETS		**1,953,979**	2,201,463
CAPITAL AND RESERVES			
Share capital	*12(b)*	**73,886**	75,193
Treasury shares		**(1,357)**	(1,535)
Reserves		**1,892,007**	2,133,191
Total equity attributable to equity shareholders of the Company		**1,964,536**	2,206,849
Non-controlling interests		**(10,557)**	(5,386)
TOTAL EQUITY		**1,953,979**	2,201,463

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL INFORMATION

Productive Technologies Company Limited (the "**Company**"), is an investment holding company, which was incorporated in Bermuda and continued in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its head office and principal place of business is located at Unit 5507, 55/F., The Center, 99 Queen's Road Central, Hong Kong.

The Company and its subsidiaries (the "**Group**") are engaged in the semiconductor and pan-semiconductor business of productivity-driven equipment applied in semiconductor and solar cell businesses. It also operates an oil and gas production project in the People's Republic of China (the "**PRC**").

At 30 September 2023, the directors consider the immediate parent of the Group to be Titan Gas Technology Investment Limited ("**Titan Gas**") incorporated in the British Virgin Islands, which is 100% held by Titan Gas Technology Holdings Limited. Titan Gas Technology Holdings Limited is owned as to 35.13% by Standard Gas Capital Limited, 49.14% by IDG-Accel China Capital II L.P. and IDG-Accel China Capital II Investors L.P., 8.05% by Mr. Wang Jingbo and 6.87% by Kingsbury International Holdings Co., Ltd., 0.73% by Mr. Zhang Weiwei and 0.08% by Mr. Bryce Wayne Lee.

2. BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 24 November 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2023, except for the accounting policy changes that are expected to be reflected in annual financial statements for the year ending 31 March 2024. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial information 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.

This interim financial information contains condensed consolidated financial statements 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 annual financial statements for the year ended 31 March 2023. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3. CHANGES IN ACCOUNTING POLICIES

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers and recognised at point in time within the scope of HKFRS 15		
— sales of equipment *(note (i))*	**248,263**	333,458
— sales of crude oil *(note (ii))*	**73,563**	99,288
— rendering of services	**14,431**	–
Cost of sales and services		
— sales of equipment	**(226,207)**	(317,255)
— sales of crude oil	**(52,030)**	(54,682)
— rendering of services	**(3,286)**	–
	54,734	60,809

Notes:

(i) Revenue from sales of equipment mainly represents sales of solar cell and semiconductor cleaning equipment. The amount of revenue represents the sales value of equipment and parts to the customers, net of value added tax. There are four major customers with whom transactions exceeded 10% of the revenue from sales of equipment.

(ii) The amount of revenue from sales of crude oil represents the sales value of crude oil extracted and supplied to customers by one subsidiary of the Group, net of value added tax. There are four major customers with whom transactions exceeded 10% of the revenue from sales of crude oil.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief executive management for the purposes of resource allocation and performance assessment, the Group presented the following two reportable segments. Details of the Group's reportable segments are as follows:

- Semiconductor and pan-semiconductor: this segment operates in research and development, manufacturing and sales of advanced processing equipment for solar cell and semiconductor industries.

- Oil and gas and others: this segment invests and operates upstream oil and gas business, LNG business, and generates income from processing of oil and gas and LNG, as well as investing and managing energy-related and other industries and businesses.

(i) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 September					
	Semiconductor and pan-semiconductor		**Oil and gas and others**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**262,694**	333,458	**73,563**	99,288	**336,257**	432,746
Investment (loss)/income	**–**	–	**(24,662)**	21,866	**(24,662)**	21,866
Reportable segment (loss)/profit (EBITDA)	**(88,643)**	(26,079)	**(63)**	34,104	**(88,706)**	8,025
Depreciation and amortisation	**(16,371)**	(4,600)	**(38,535)**	(35,306)	**(54,906)**	(39,906)
Interest income	**184**	37	**9,687**	4,032	**9,871**	4,069
Interest expense	**(1,989)**	(399)	**(229)**	(330)	**(2,218)**	(729)
Impairment loss on trade receivables	**(594)**	–	**–**	(572)	**(594)**	(572)
As at 30 September 2023						
Reportable segment assets	**1,154,203**	905,747	**2,071,499**	2,606,359	**3,225,702**	3,512,106
Reportable segment liabilities	**(973,210)**	(720,774)	**(291,828)**	(273,046)	**(1,265,038)**	(993,820)

(ii) Reconciliations of reportable segment profit or loss

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
(Loss)/Profit		
Reportable segment (loss)/profit (EBITDA)	**(88,706)**	8,025
Depreciation and amortisation	**(54,906)**	(39,906)
Interest expense	**(2,218)**	(729)
Consolidated (loss)/profit before taxation	**(145,830)**	(32,610)

5. INVESTMENT (LOSS)/INCOME

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Stonehold investment *(note (a))*	**–**	20,331
JOVO investment *(note (a))*	**416**	23,044
Fund investment *(note (a))*	**(7,893)**	(13,909)
Dividend income *(note (b))*	**378**	2,541
Share of losses of associates	**(17,563)**	(15,043)
Net realised and unrealised gain on derivative financial instruments	**–**	4,902
	(24,662)	21,866

Notes:

(a) These amounts represent fair value changes and/or disposal gains or losses of the various investments during the six months ended 30 September 2023 and 2022. Such assets are measured at FVTPL, any interest income arising from such assets is included in fair value changes. The Group disposed Stonehold investment during the six months ended 30 September 2022.

(b) The amount represents the dividend income from JOVO investment.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Interest income	**9,147**	4,069
Net gain on bank financial products	**910**	440
Foreign exchange loss, net	**(17,452)**	(13,574)
Interest on bank and other borrowings	**(1,602)**	(240)
Interest on lease liabilities	**(616)**	(489)
Accretion expenses	**(1,629)**	(1,575)
Others	**(134)**	(403)
	(11,376)	(11,772)

(b) Other items

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Amortisation	**17,605**	3,540
Depreciation		
— property, plant and equipment	**31,340**	32,316
— right-of-use assets	**5,961**	2,421

7. INCOME TAX

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**–**	–
— PRC Corporate Income Tax	**9,245**	16,971
Deferred tax		
— Origination and reversal of temporary differences	**(5,241)**	(6,592)
	4,004	10,379

Pursuant to the rules and regulations of Cayman Islands, Bermuda and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in Cayman Islands, Bermuda and the BVI.

No provision for Hong Kong profits tax has been made as the Group's operations in Hong Kong had no assessable profits for both current and prior periods. The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits.

The provision for PRC current income tax is based on a statutory rate of 25% (2022: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

8. (LOSS)/ EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$141,665,000 (six months ended 30 September 2022: loss of HK$42,989,000) and the weighted average of 7,518,944,000 ordinary shares (six months ended 30 September 2022: 7,564,447,000 shares) in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Issued ordinary shares at 1 April	**7,519,302**	7,564,447
Effect of shares repurchased	**(358)**	–
Weighted average number of ordinary shares	**7,518,944**	7,564,447

(b) Diluted (loss)/earnings per share

There were no potential dilutive shares as at 30 September 2023 and 2022, and the diluted (loss)/earnings per share are equal to the basic (loss)/earnings per share.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2023	At 31 March 2023
	HK$'000	*HK$'000*
Non-current assets		
Fund investment *(note (a))*	**92,047**	99,940
	92,047	99,940
Current assets		
JOVO investment *(note (b))*	**–**	52,416
Bank financial products	**12,723**	75,735
	12,723	128,151

Notes:

(a) On 8 June 2020, Valuefort Investment Limited ("**Valuefort**"), a wholly-owned subsidiary of the Company, and general partner of IDG Capital Project Fund II, L.P. entered into an subscription agreement for the admission of Valuefort as the subscriber into the fund. Pursuant to the agreement, Valuefort proposed to make capital commitments of US$20 million (equivalent to approximately HK$155.05 million). As at 30 September 2023, the total capital contributed by Valuefort was US$13.4 million (equivalent to approximately HK$104.3 million) and the fair value of the fund investment was HK$92.0 million.

(b) On 14 July 2017, Valuevale Investment Limited ("**Valuevale**"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Jiangxi JOVO Energy Company Limited ("**JOVO**"), pursuant to which Valuevale has conditionally agreed to subscribe for, and JOVO has conditionally agreed to allot and issue, shares of JOVO at a consideration of RMB100 million (equivalent to approximately HK$115.2 million). The completion of the subscription took place on 28 July 2017.

JOVO is a comprehensive clean energy service provider focusing on the mid-stream and terminal aspect of the gas industry. It offers a wide range of clean energy and related products, such as liquefied natural gas (LNG), liquefied petroleum gas (LPG) and methanol, and comprehensive solutions of international energy provision and integrated application.

On 25 May 2021, JOVO successfully completed its IPO and listed its shares on the Shanghai Stock Exchange.

During the six months ended 30 September 2023, Valuevale sold all of the JOVO shares on the A-share market.

10. TRADE AND OTHER RECEIVABLES

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	At 30 September 2023 *HK$'000*	At 31 March 2023 *HK$'000*
Within 1 month	**41,324**	14,226
1 to 6 months	**8,425**	16,584
7 to 12 months	**11,866**	6,880
Over 1 year	**3,558**	1,201
Trade receivables, net of allowance for doubtful debts	**65,173**	38,891
Bills receivable	**6,114**	26,411
Other receivables	**45,940**	68,884
	117,227	134,186

The Group constantly evaluates credit risk for trade and other receivables by taking into account their past history of making payments when due and current ability to pay, and thus the expected credit loss for trade receivables amounting to approximately HK$0.6 million recognised during the Reporting Period was mainly from customers of the Company.

11. TRADE AND OTHER PAYABLES

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date (or date of recognition, if earlier), is as follows:

	At 30 September 2023 ***HK$'000***	At 31 March 2023 *HK$'000*
Within 1 year	**195,543**	152,286
Over 1 year but within 2 years	**2,835**	1,408
Over 2 years but within 3 years	**1,037**	2,398
Over 3 years	**8,950**	9,522
Trade payables	**208,365**	165,614
Taxes other than income tax payable	**48,299**	44,485
Income tax payable	**24,581**	20,124
Cooperation sharing payable due to a third party	**59,190**	64,760
Interest payable	**9,081**	9,594
Others	**61,148**	39,216
	410,664	343,793

12. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividends were paid, declared or proposed during the six months ended 30 September 2023 and 2022.

(b) Share capital

	Ordinary shares		Preferred shares		Total	
	Number of shares *'000*	Nominal value *HK$'000*	Number of shares *'000*	Nominal value *HK$'000*	Number of shares *'000*	Nominal value *HK$'000*
Shares of HK$0.01 each						
Authorised:						
At 1 April 2022, 31 March 2023 and 30 September 2023	11,000,000	110,000	5,000,000	50,000	16,000,000	160,000
Issued, paid or payable:						
At 1 April 2022 and 30 September 2022	7,564,447	75,644	–	–	7,564,447	75,644
Insurance of shares	112,591	1,126	–	–	112,591	1,126
Purchase of own shares	(157,736)	(1,577)	–	–	(157,736)	(1,577)
At 31 March 2023	7,519,302	75,193	–	–	7,519,302	75,193
Purchase of own shares	(130,680)	(1,307)	–	–	(130,680)	(1,307)
At 30 September 2023	7,388,622	73,886	–	–	7,388,622	73,886

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group

The Group is engaged in the semiconductor and pan-semiconductor business of productivity-driven equipment applied in semiconductor and solar cell businesses. It also operates an oil and gas production project in the PRC.

Summary of major operations and investment portfolios

1. Development in semiconductor and pan-semiconductor industry

The Company has evaluated and considered that the application of pan-semiconductor will be a major global development trend. The semiconductor and pan-semiconductor industry features a wide range of applications across different industries, and the Company has been reviewing semiconductor and solar industry developments in China and the global market.

According to current reputable market projections, the global semiconductor market is expected to reach US$676 billion in 2023 and US$900 billion by 2030. While the latest market projections for the global semiconductor industry may indicate a slight reduction in growth, the forecast for global sales of semiconductor manufacturing equipment by original equipment manufacturers is anticipated to reach US$91.2 billion in 2023. The industry anticipates the demand for smaller chips that comply with more rigid requirements, and the development of new solutions for fabrication equipment. China's semiconductor equipment market is expected to account for approximately 26.3% of the global market in 2023. There is a promising opportunity for companies to invest in this sector to meet the growing demand. In light of this, the Company plans to gradually expand its investments in semiconductor equipment to capitalize on these positive trends. Furthermore, the Company aims to develop its solar cell industry in addition to the semiconductor industry, as the LCOE (levelized cost of electricity) of solar cell has dropped by more than 80% over the past decade. The global solar module market is expected to reach US$46.9 billion by 2023 and US$78.1 billion by 2030, with the corresponding solar cell equipment market reaching US$5.6 billion by 2030, according to reputable market forecasts.

1.1 Development in semiconductor and solar cell cleaning equipment business

The wafer cleaning equipment market is projected to reach US$6 billion in 2023 and accounts for 6% of the global WFE market. China's domestic market holds around 26.3% of the global market worth more than US$1.5 billion, with Chinese end-customers purchasing approximately 50% of the wafer cleaning equipment, representing an addressable market of over US$700 million for the Company. The solar cell cleaning equipment global market size is expected to be more than US$200 million in 2023, accounting for 16% of the market share. Given that Chinese domestic market accounts for almost 95% of the global photovoltaic ("**PV**") market, the Company is expected to have access to a considerable share of the PV market. The Company has put significant effort and resources into the pan-semiconductor business in cleaning equipment for semiconductor and solar cell which focuses on technology and solutions providing high productivity to customers. To develop this new area of business, the Company has hired highly experienced management members to lead the new semiconductor and pan-semiconductor unit.

The management team of the new business development is focused on creating core competencies that will benefit the semiconductor and solar cell equipment businesses. The core team members have extensive experience in top-tier semiconductor companies, with an average industry experience of more than 15 years. Most of the team members hold a master's degree or above and possess excellent technical and management expertise, practical experience in research and development, production and operation of semiconductor equipment, and an in-depth understanding of the market and customer needs. The core team quickly established a strong talent team to facilitate the long-term development of the business.

The Company has achieved significant milestones in its rapid development of the semiconductor and pan-semiconductor business. These achievements include setting up project company to manage the sales, R&D, and manufacture semiconductor and solar cell cleaning equipment, commencing trial operations at the production base, and successfully completing the acquisition of PDT Technologies and Rena Yiwu. Since then, the Company has secured purchase orders from leading industry customers, receiving 88 tool sets during the year ended 31 March 2023. These achievements underscore the Company's commitment and dedication to innovation and expansion in its semiconductor and solar cell business.

On 29 May 2023, the Company has received purchase orders and evaluation agreements from diverse customers for 40 sets of wet processing equipment applied to solar cell manufacturing, 23 sets of which were developed based on the advanced Double-deck Inline Platform (NIAK4). The NIAK4 is iteratively developed and upgraded from RENA modularized NIAK platform. It is compatible with the conventional acidic cleaning process, and other processing technologies including low-temperature acid etching and high-temperature alkaline polishing processing which are based on the authorized single-side wafer etching process patent. The Double-deck Inline Platform can break through the production capacity bottleneck of inline cleaning equipment, achieving a production capacity of 1 gigawatt (GW) per unit, which is expected to reduce the customer's capital expenditure by about 25%. The products are wet processing equipment applied to solar cell manufacturing and designed for applications in wafer surface texturing process that reduces reflection losses of the incident light.

On 10 August 2023, the Company completed the shipment of the semiconductor wet cleaning equipment of OCTOPUS platform to its customer. The OCTOPUS wet processing platform is equipped with 16 chambers and is suitable for customers with large volume production needs and seeking maximum WPH (wafer per hour). The chamber and chemical solution supply system of the OCTOPUS platform equipment adopts a vertical plane array layout, which provides high production capacity and optimal chemical solution recycling efficiency, thereby reducing chemical consumption costs for customers. The OCTOPUS platform offers a wide range of Chuck configurations for customized wafer cleaning, double-sided cleaning, bevel cleaning and etching requirements. OCTOPUS platform can be used to increase production capacity with multiple chambers in a single application, or be configured for different applications on the same platform to meet varying research and development needs. The product is a piece of single-wafer cleaning equipment designed for applications in silicon wafer cleaning that removes any adhering particles and organic/inorganic impurities. In addition, the Company has completed client verification of the 4-chamber single-wafer cleaning equipment of the CUBE platform, and has mature mass production experience in backside cleaning applications. The CUBE platform has a flexible design for low cost of test and capacity requirements. With configurable chamber counts, small footprint, and common frame for 6-inch, 8-inch and 12-inch wafers, the CUBE platform offers highly cost-effective and high productivity solutions.

On 22 August 2023, the Company signed the purchase order with its customer of inline copper electroplating equipment, Incellplate Cu series. The copper electroplating technology, which can be applied in N-type solar cell technologies (i.e., TOPCon, HJT, and IBC), adopts base metal as interconnect material instead of precious metal silver for metallization, effectively reducing production costs. Incellplate Cu series equipment, developed from the multi-functional inline electroplating process, adopts the horizontal inline electroplating method, one of the three mainstream electroplating methods (i.e., vertical electroplating, horizontal inline electroplating, and insert electroplating). The product is a piece of metallization processing equipment applied to solar cell manufacturing. Based on the principle of electrolysis, the product adopts electrodeposition to coat one particular metal in a layer of metals or alloys, achieving electrode molding for solar cells.

During the Reporting Period, the Company has received purchase orders and evaluation agreements from diverse customers for 64 sets of equipment including (i) cleaning equipment applied to semiconductor wafer manufacturing, (ii) wet processing equipment applied to solar cell manufacturing, and (iii) metallization processing equipment applied to solar cell manufacturing. The products are (i) single-wafer cleaning equipment designed for applications in silicon wafer cleaning that removes any adhering particles and organic/inorganic impurities; (ii) solar cell wet processing equipment designed for applications in wafer surface texturing process that reduces reflection losses of the incident light; and (iii) metallization processing equipment applied to solar cell manufacturing, which, based on the principle of electrolysis, adopts electrodeposition to coat one particular metal in a layer of metals or alloys, achieving electrode molding for solar cells.

The Company has successfully fulfilled its purchase orders for semiconductor and solar cell cleaning equipment by timely delivery. As of the date of this interim results announcement, since 1 April 2023, the Company has shipped a total of 67 sets of semiconductor and solar cell cleaning equipment. More than half of the delivered solar cell cleaning equipment have met the required maximum capacity, while reports of primary data readout have been received for the delivered semiconductor cleaning equipment.

Meeting the required maximum capacity is a critical factor in assessing the effectiveness of solar cell cleaning equipment, while primary data is crucial for ongoing data readout and assessment of semiconductor cleaning equipment. The Company's delivery of such equipment has been a success, and the Company is confident in its ability to continuously meet the needs of customers.

Going forward, the Company will continue to make its mark on this new business in an expeditious manner with actions including, but not limited to the following:

- Coordinating the Company's existing resources and those brought by the acquisition in an effort to expedite the development of the Company's business segment of solar cell equipment and improve its profitability and the competitive advantages, fueling future growth; and

- Developing high-profile customers for both semiconductor and solar cell cleaning equipment utilizing the current clientele as a foundation with strong financial background, independent innovation and dominating manufacturing capabilities.

- Launching cleaning equipment for other applications that rivals the world's best, such as SPM and Bench. These applications account for a large proportion in semiconductor cleaning equipment, but the localization rate is not high. The Company is committed to providing its customers with equipment that meets flexible configurations and productivity enhancement with new designs and technologies, while achieving world-class performance.

1.2 Development in LPCVD equipment business

The chemical vapor deposition ("**CVD**") equipment market is expected to account for 10% of the global WFE market, or approximately US$10 billion in 2023. The Chinese domestic market dominates about 25.8% of the global market, representing more than US$2.5 billion. Within the domestic market, Chinese end customers purchase about 50% of CVD equipment, representing an addressable market of more than US$1.2 billion for the Company. The LPCVD equipment, which is the Company's initial product in CVD equipment, is critical in thin film deposition in semiconductor device manufacturing. The thin film deposition equipment accounts for 18% of the total market share of semiconductor equipment, and its global market size exceeded US$17 billion in 2022. The CVD equipment, which is the most widely adopted thin film deposition equipment, accounts for 66% of the total market share of the thin film deposition equipment, representing around 10% of the total market share of semiconductor equipment, and its global market size exceeded US$11 billion in 2022.

According to market research institutions, the localization rate of the CVD equipment in 2022 was low, while the barrier to entry in the global CVD equipment market was high, and the market was highly concentrated, with the top 3 players taking up 70% of the global market share.

Based on the above, the Company is of the view that the CVD equipment business is endowed with a robust driving force for domestic substitution and a broad market space. As planned, RMB140 million is initially committed to the launch of the Company's LPCVD equipment business. The scope of the planned CVD products includes several types of advanced LPCVD equipment for manufacturing 12-inch wafer and the Company is expected to enter commercial production stage for those LPCVD products in 2024.

During the Reporting Period, Xinkai has provided a state-of-the-art manufacturing environment for the production after the decoration of clean room. Additionally, Xinkai has successfully completed the design of two new sets of equipment, further enhancing its capabilities and capacity. Finally, Xinkai has signed a new partnership agreement with a valued customer, enabling collaboration on exciting new development projects. These achievements demonstrate the ongoing commitment to innovation, quality and customer satisfaction. So far, Xinkai has completed the development of three models of 12-inch CVD equipment, including ALD-SIN, POLY and LP-SIN equipment, and is in the process of manufacturing prototypes and designing other models. Meanwhile, Xinkai has also achieved remarkable results in establishing the supply chain system and improving the management system.

The Board considers that this diversification and expansion plan will allow the Company to expand its business portfolio, penetrating into the rapidly developing areas of equipment manufacturing for semiconductor and solar cells, turning opportunity into business, diversifying and broadening its income stream and revenue base, which will potentially lead to the enhancement of its financial performance by cooperating and leveraging the expertise and networks of its team members. The Board considers that the new business development is in the best interests of the Company and its shareholders (the "**Shareholders**") as a whole.

The current business development in semiconductor and pan-semiconductor industry represents another milestone initiative of the Company in developing this promising line of investment. The Company is in the process of identifying and evaluating good investment opportunities in this industry segment. The Company will issue further announcements as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for any significant investment and business development. For details of development of semiconductor and pan-semiconductor business for semiconductor and solar cell industry, please refer to the announcements of the Company dated 1 December 2021, 28 January 2022, 4 February 2022, 19 April 2022, 30 May 2022, 2 June 2022, 13 June 2022, 18 August 2022, 12 October 2022, 15 November 2022, 3 February 2023, 29 May 2023, 10 August 2023, 22 August 2023, 12 September 2023 and 30 October 2023 published on the websites of the Company (www.pdt-techs.com) and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk).

2. *Operations and business updates in oil and gas industry*

2.1 Operations in the upstream crude oil assets

The Company made an acquisition of an upstream crude oil asset in 2016 at favourable costs and completed the investment in another upstream shale oil project in 2017.

Since 2023, global oil supply and demand have continued to be tight, and many OPEC+ countries have announced additional production cuts, supporting the high international oil prices. The average Brent price in the third quarter of 2023 was US$85.92/barrel, a month-on-month increase of US$8.20/barrel, or 10.55%. Although the prosperity of the oil and gas industry continues to rebound, we should also be aware of the impact of factors such as the structural adjustment of the energy industry in various countries around the world and the transition to low-carbon and new energy on oil prices. The Company will continue to closely monitor market conditions, rigorously manage risks, and endeavor to preserve and increase the value of its assets financially and operationally.

2.1.1 Hongbo Mining

Hongbo Mining, an upstream oil and gas portfolio company, is the Company's wholly-owned subsidiary and is engaged in the exploration, development, production and sale of crude oil in China. The Company completed the acquisition of Hongbo Mining in July 2016 at the consideration of RMB558.88 million (equivalent to approximately HK$652 million).

Under the exploration and production cooperation contract entered into between Hongbo Mining and Yanchang, Yanchang (as the mineral right owner) and Hongbo Mining (as the operator) cooperate to explore for crude oil in Block 212 and Block 378 which cover a combined region of 406 km^2 in Inner Mongolia; and Hongbo Mining and Yanchang are entitled to 80% and 20% of the sale proceeds (net of any sales related taxes), respectively. Block 212 obtained from the Ministry of Land and Resources of the People's Republic of China a 15-year valid production permit covering Unit 2, Unit 19 and other areas in Block 212 in May 2017. Each of Block 212 and Block 378 has been subject to an exploration permit which is renewable for a term of two years after expiration. The current exploration permit for Block 212 will expire on 3 April 2027, and the current exploration permit for Block 378 will expire on 20 February 2026.

During the Reporting Period, Hongbo Mining has carried out maintenance and fracturing work on existing production wells to ensure stable oil production, and has successfully drilled and completed 4 new wells. As of 30 September 2023, all the production wells, reserves and resources estimated by Hongbo Mining were located in Block 212.

Due to the natural decline in reserves, Hongbo Mining's oil production volume decreased by approximately 6.3% to 144,515 barrels; its gross and net oil sales volume decreased by approximately 6.6% to 144,603 barrels and 115,682 barrels, respectively. As the average crude oil price decreased, the gross revenue (equivalent to the net revenue from sale of crude oil plus the 20% crude oil entitlement for Yanchang) and net revenue from sales of crude oil decreased by approximately 25.9% to approximately HK$92.0 million and HK$73.6 million, respectively, compared to those for the six months ended 30 September 2022.

Meanwhile, the drilling of new production wells caused the increase of depletion and as a result, the average unit production cost increased by HK$6 per barrel, or approximately 1.7%, from HK$354 per barrel (equivalent to US$45.2 per barrel) for the six months ended 30 September 2022 to HK$360 per barrel (equivalent to US$46.0 per barrel) for the

Reporting Period. Hongbo Mining increased the maintenance work on existing production wells during the Reporting Period and as a result, the average unit production cost before depreciation and amortisation increased by HK$6 per barrel, or approximately 4.3%, from HK$139 per barrel (equivalent to US$17.7 per barrel) for the six months ended 30 September 2022 to HK$145 per barrel (equivalent to US$18.5 per barrel) for the Reporting Period accordingly.

The following table provides a summary of Hongbo Mining's key operational metrics and product prices for the periods indicated.

	Six months ended 30 September	
	2023	2022
Average daily gross production volume (barrels)	**803**	857
Average daily gross sales volume (barrels)	**803**	860
Average unit production cost before depreciation and amortisation (HK$ per barrel)	**145**	139
Average unit production cost (HK$ per barrel)	**360**	354
Average unit selling price (HK$ per barrel)	**636**	853

The summary of Hongbo Mining's exploration and development expenditures incurred is as follows:

	Summary of expenditures incurred for the six months ended 30 September			
	2023		2022	
	Number	**Cost** ***(HK$'000)*** **(Unaudited)**	Number	Cost *(HK$'000)* (Unaudited)
Wells drilled during the period				
Oil producers	**4**	**16,680**	8	31,289
Fracturing workover	**–**	**–**	4	2,840
Geological and geophysical costs	**–**	**496**	–	650

2.2 Business updates regarding LNG business along the value chain

The Company, through its subsidiaries, has also made other investments in energy related business portfolio and business model in order to capture the energy market opportunities and dynamics.

2.2.1 Jiangxi Jovo Energy Company Limited* (江西九豐能源股份有限公司) ("**JOVO**")

On 28 July 2017, Valuevale Investment Limited, a wholly-owned subsidiary of the Company, completed the subscription of the shares allotted and issued by JOVO, which is principally engaged in clean energy businesses, including importing, processing and sale of LNG and LPG in China, at the consideration of RMB100 million (equivalent to approximately HK$115.2 million).

On 25 May 2021, JOVO successfully completed its initial public offering ("**IPO**") and listed its shares on the Shanghai Stock Exchange (stock code: 605090). The Company holds approximately 2.06% of the enlarged share capital in JOVO after its IPO. JOVO has raised approximately RMB2.68 billion from the IPO and plans to utilize the proceeds for purchasing one state-of-the-art midsized LNG vessel and one LPG vessel, and supplementing its working capital in order to further expand its production capacity and improve its profitability.

The Company held 2,054,859 shares in JOVO as at 31 March 2023. During the Reporting Period, the Company has achieved the exit of the investment by sale all of the shares on the market at an average price of RMB22.69/share.

2.2.2 JUSDA Energy Technology (Shanghai) Co. Ltd.* (準時達能源科技(上海)有限公司) ("**JUSDA Energy**")

On 25 September 2018, the Company, through one of its wholly-owned subsidiaries, entered into an agreement for a joint venture (the "**JV Agreement**") with JUSDA Supply Chain Management International CO., LTD.* (準時達國際供應鏈管理有限公司) ("**JUSDA**") and the management team, in relation to the formation of JUSDA Energy, to be engaged in LNG logistics services. The Company made contributions of HK$43,937,000 and HK$17,462,200 to JUSDA Energy pursuant to the JV Agreement and the completion of such investments took place on 21 December 2018 and 8 January 2020 respectively. The Company holds 39% equity interest upon completion of all capital contribution in JUSDA Energy.

After several years of steady preparations for the domestic project — Zhoushan project, the construction of key assets such as wharf renovation and yard construction has been completed, and assets such as cranes, and tank containers have also been deployed. For the overseas project — Japanese transshipment project, JUSDA Energy and the upstream liquid source have completed 2 batches of LNG transshipment volume of nearly 60,000 tons from 2020 to 2022.

Despite completion of fixed asset investment for the domestic Zhoushan project, the COVID-19 pandemic and market fluctuations have impacted the project's progress. After several rounds of negotiations with client, it became clear that the project could not be put into operation in the short term. Additionally, the third transshipment contract for the overseas project was also affected, resulting in a halt in shipping in the short and medium term. In light of these challenges, the board of directors of JUSDA Energy made the decision to cease business and dispose of assets.

During the Reporting Period, JUSDA Energy has signed a three-year lease agreement with customers for its tank container assets, which is a "take or pay" ("照付不議") contract model to avoid further impairment or discount of the assets, and JUSDA Energy reserves the right to sell its tanks at any time during the lease period when meet a potential buyer. Another core asset at JUSDA Energy, the storage yard, is currently under negotiating specific terms with intended buyers and is expected to complete the disposal within the fourth quarter of 2023.

For details of the above transactions, please refer to the Company's voluntary announcements dated 17 July 2017, 31 July 2017, 25 September 2018, 24 December 2018 and 27 May 2021 published on the websites of the Company (www.pdt-techs.com) and the Stock Exchange (www.hkexnews.hk).

3. Business updates in mobility services business

3.1 Weipin

On 15 November 2019, Triple Talents Limited ("**Triple Talents**"), a wholly-owned subsidiary of the Company, entered into a series of agreements with Weipin and its affiliates, pursuant to which Triple Talents has agreed to subscribe for certain shares in Weipin. Upon completion of this transaction with a total investment of approximately RMB200 million, the Company effectively holds 35.5% of the equity share in Weipin. Weipin is the holding company of the mobility services platform business. For more details of the Company's investment in Weipin, please refer to the voluntary announcement of the Company dated 25 November 2019 published on the websites of the Company (www.pdt-techs.com) and the Stock Exchange (www.hkexnews.hk).

Prior to 21 June 2021, the Company controlled the majority voting right of Weipin's board of directors, making Weipin a subsidiary. On 21 June 2021, the shareholders of Weipin, including the Company, agreed to enter into an amended shareholders' agreement (the "**Agreement**") to, among other things, make adjustments to the structure of the board of Weipin in order to provide the management of Weipin with more flexibility in terms of decision-making over its operations. Pursuant to the Agreement, the Company agrees to lower its number of designated directors from 3 to 2 directors in the board of Weipin (the "**Adjustment**"). After the Adjustment, the total number of board members in Weipin has decreased from a total of 5 members to 4 members. Thus, the Company no longer has the majority voting right of the board of directors in Weipin and any decision-making power over the management and business activities of Weipin. The shareholding percentage held by the Company in Weipin remains unchanged at 35.5%, and Weipin was reclassified as an investment portfolio of the Company. Under the relevant regulatory requirements and accounting standards, the financial results of Weipin have ceased to be consolidated into the Company's financial statements, and the investment of Weipin is accounted as interest in an associate under the application of the equity method accounting with effect from 21 June 2021. For details, please refer to the announcement of the Company dated 21 June 2021 published on the websites of the Company (www.pdt-techs.com) and the Stock Exchange (www.hkexnews.hk).

Weipin, through its operation subsidiaries (the "**Mobility OPCOs**"), is committed to creating a fast and standardized mobility services system, connecting all participants in the mobility market, tapping into the market flow through the traffic platform in an aggregation mode, and generating synergies by optimizing vehicle energy costs. The aggregation mode has increased to 7 million orders per day, representing ca. 30% of total daily orders.

The Mobility OPCOs have signed cooperation agreements with "Didi", "Huaxiaozhu", "Baidu" and "Tencent", covering 50% of entire market of aggregation mode. The daily order of Mobility OPCO has recovered to 40,000 and continues to grow steadily with the market.

4. Use of proceeds from the Foxconn Subscription

On 22 January 2018, the Company received an aggregate subscription price of HK$1,485 million from Foxconn Technology Pte. Ltd., High Tempo International Limited, World Trade Trading Limited, Q-Run Holdings Limited, and Q-Run Far East Corporation (collectively known as the "**Foxconn Subscribers**") and issued to each of the Foxconn Subscribers 297,000,000 subscription shares at the subscription price of HK$1.00 per subscription share totalling 1,485,000,000 subscription shares in accordance with the terms and conditions of the subscription agreement (the "**Foxconn Subscription**").

For details of the Foxconn Subscription, please refer to the announcements of Company dated 13 December 2017 and 22 January 2018 and the circular of the Company dated 23 December 2017 published on the websites of the Company (www.pdt-techs.com) and the Stock Exchange (www.hkexnews.hk).

The gross proceeds from the Foxconn Subscription are HK$1,485 million. The net proceeds from the Foxconn Subscription (the "**Net Proceeds**") (after deducting the expenses incurred in the Foxconn Subscription) are approximately HK$1,483 million.

On 24 June 2020, the Board resolved to change the intended use of unutilized Net Proceeds by allocating the unutilized Net Proceeds of HK$200 million from investment or acquisition of targets in the natural gas industry in China and North America to general working capital as the Company required funds for general working capital purposes.

The following table summarizes the intended use of proceeds and the actual use of proceeds as at 30 September 2023.

	Intended use of Net Proceeds set out in the Circular *HK$'000*	Intended use of Net Proceeds (after the change as announced on 24 June 2020) *HK$'000*	Actual use of Net Proceeds as at 30 September 2023 *HK$'000*	Unutilized Net Proceeds as at 30 September 2023 *HK$'000*
Investment or acquisition of targets in natural gas industry in China and in North America	1,100,000	900,000	399,000	501,000
Investment in up-stream shale gas and/or shale oil assets or projects overseas	300,000	300,000	–	300,000
Other investments for future development	83,000	83,000	83,000	-
General working capital	–	200,000	191,000	9,000

As at 30 September 2023, an aggregate amount of HK$673 million had been utilized pursuant to the revised intended use, and the unutilized Net Proceeds of HK$810 million are expected to be utilized in accordance with the revised intended use by 31 December 2024. The expected timeline for the revised intended use of unutilized Net Proceeds, which is subject to future adjustments, if required, is based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business developments and need.

OUTLOOK

The Company has evaluated and considered that the application of semiconductor and pan-semiconductor will be a major global development trend. The semiconductor and pan-semiconductor business in cleaning equipment for semiconductor and solar cell which focuses on technology and solutions providing high productivity to customers is a key area where the Company now puts efforts and resources.

Geopolitical factors are exerting an increasing influence on the semiconductor industry, which can be primarily seen from the weakened service capability of the international supply chain for customers from the Chinese semiconductor industry. Such impact may extend to more regions and raw materials. In the short term, China's advanced semiconductor wafer manufacturing capacity will be directly impacted, but to a lesser extent for the Company in this regard. From another perspective, such a situation is expected to facilitate faster growth in China's mature manufacturing capacity from 2024 onwards and strengthen greater autonomy and innovation throughout the semiconductor industry chain in China, which will provide the Company with more market space and better access to sizable customers.

The solar cell industry has been a key strategic industry being developed in China and is expected to keep prosper in the long term. The development of the solar cell industry is driven by the levelized cost of energy (LCOE) and the Incident-Photon-to-electron Conversion Efficiency (IPCE). The opportunities for the Company in the solar cell equipment sector lie in, on the one hand, continued market expansion and innovation along with the expansion of capacity in existing technology process routes such as TOPCon, and on the other hand, technology reserve in a prospective manner for new technology process routes in the future.

The Company's production base which equips with semiconductor and solar cell cleaning equipment production lines in Xuzhou was put into operation in May 2022 and the solar cell wet processing equipment was rolled out on 2 June 2022. The Company has received purchase orders from several customers for a total of 157 sets of semiconductor and solar cell cleaning equipment. In addition to the existing wet chemical texturing processing equipment, the Company is developing copper plating equipment for copper metallization screen printing as an alternative to silver electric contacts. Such devices under development are expected to account for approximately US$350 million or 27% of the PV equipment market as they provide a cost-effective alternative processing solution. In addition, the Company believes that the LPCVD equipment business will provide a strong impetus for domestic substitution, as well as a broad market space. The Company will carry out the LPCVD equipment business as planned and has initially invested RMB140 million into such business.

It is the Company's long term vision to become a leader in this market segment, aiming at building a capacity which will allow the Group to obtain a significant market share of cleaning equipment in mainland China in the short to medium term and significant market share of the global cleaning equipment and CVD equipment in the next decade. The objectives of the Company in the short to medium term include: 1. consolidating the existing business and expanding the market share in photovoltaic market; 2. focusing on developing in cleaning market for semiconductor to gain a foothold; and 3. launching LPCVD equipment with good technical performance in the middle term.

Meanwhile, the Company intends to expand the semiconductor equipment business segment through acquisitions to achieve business synergy and performance growth.

The International Energy Agency is cautious about the outlook for oil demand as the global economic expansion slows and improvements in energy efficiency put pressure on oil use. However, considering that OPEC+ continues to maintain its production reduction strategy to balance crude oil demand, and the Palestinian-Israeli conflict has intensified market concerns about energy production, crude oil prices are expected to fluctuate at high levels. Although market expectations are optimistic, from the perspective of production operations, risk control and response to extreme events, the Company will consider further purchasing guaranteed hedging tools for upstream assets. At the same time, the Company will focus on maintaining asset liquidity and increasing future production amid expectations of subsequent high oil prices.

As we advance, in addition to vigorously developing new businesses, the Company's top priority will continue to be managing the liquidity at the portfolio company level in anticipation of ongoing uncertainties while pursuing the investment strategy on decarbonization and other green asset opportunities, including but not limited to investments in the semiconductor and pan-semiconductor sector. Meanwhile, the Company shall continue to pay close attention to the market environment to seize more business opportunities and consider exiting its mature investments so as to recognize the profits.

FINANCIAL RESULTS REVIEW

Comparing the six months ended 30 September 2022 to the six months ended 30 September 2023

Revenue

The revenue represents:

1) *Sales of equipment*

   The sales of equipment represented sales of cleaning equipment applied in solar and semiconductor manufacturing and the spare parts related to the equipment. It decreased by HK$85.2 million, or 25.5%, from HK$333.5 million for the six months ended 30 September 2022 to HK$248.3 million for the Reporting Period.

   The decrease was mainly due to reduced number of equipment recognized as revenue during the Reporting Period.

2) *Sales of crude oil*

   The sales of crude oil represented the crude oil net sales from Hongbo Mining. It decreased by HK$25.7 million, or 25.9%, from HK$99.3 million for the six months ended 30 September 2022 to HK$73.6 million for the Reporting Period.

   The decrease was mainly due to the significant decrease in average unit selling prices. Hongbo Mining's crude oil is priced mainly with reference to Brent Crude oil prices. The average Brent Crude oil price for the Reporting Period decreased to approximately HK$646 per barrel as compared to approximately HK$863 per barrel for the six months ended 30 September 2022. The average unit selling price of Hongbo Mining's crude oil decreased to approximately HK$636 per barrel for the Reporting Period from HK$853 per barrel for the six months ended 30 September 2022, which was consistent with the trend of global oil prices. On the other hand, Hongbo Mining's net sales volume decreased to 115,682 barrels for the Reporting Period from 123,848 barrels for the six months ended 30 September 2022, which was mainly due to the naturally decline in reserves during the Reporting Period. For further details on the decrease of the production volume, please refer to the section headed "Business Review — Hongbo Mining".

Cost of sales

Cost of sales represents:

1) *Cost of sales of equipment*

   The cost of sales of equipment decreased by HK$91.1 million, or approximately 28.7%, from HK$317.3 million for the six months ended 30 September 2022 to HK$226.2 million for the Reporting Period.

2) *Cost of sales of crude oil*

   The cost of sales of crude oil from Hongbo Mining slightly decreased by HK$2.7 million, from HK$54.7 million for the six months ended 30 September 2022 to HK$52.0 million for the Reporting Period. The decrease was mainly due to the decrease of fracturing work during the Reporting Period. For further details on the decrease of the production volume, please refer to the section headed "Business Review — Hongbo Mining".

Gross profit

The gross profit decreased by HK$6.1 million, or approximately 10.0%, from HK$60.8 million for the six months ended 30 September 2022 to HK$54.7 million for the Reporting Period. The decrease was mainly due to the decrease of the margin from sales of crude oil amounted to approximately HK$23.1 million which was consistent with the trend of global oil prices. The decrease was partially off-set by the increase in the margin from sales of semiconductor and solar cell cleaning equipment from the rapidly developing semiconductor and pan-semiconductor business as discussed above in this section.

Investment (loss)/income

Investment (loss)/income mainly includes the following:

(1) Losses from non-equipment business including a loss from Weipin investment of approximately HK$11.5 million; a loss from fund investment of approximately HK$7.9 million; and a loss from JUSDA investment of approximately HK$4.0 million; and

(2) The net fair value loss from other investment, share of losses of associates and dividend income of approximately HK$1.2 million.

Administrative expenses

The administrative expenses increased by HK$15.4 million, or approximately 25.9%, from HK$59.7 million for the six months ended 30 September 2022 to HK$75.1 million for the Reporting Period. The increase was mainly due to comprehensive impact of 1) the increase of awarded shares granted to its employees recognised as administrative expenses of approximately HK$11.1 million; 2) the increase of the amortization of intangible assets recognized from the acquisition of the target companies carrying out solar business of approximately HK$10.2 million, the acquisition closed at August 2022, resulting in a six-month amortization compared to the previous one-month amortization; and 3) the decrease of the professional service fees and other expenses of approximately HK$16.2 million due to the decline in investment activities.

R&D expenses

The R&D expenses increased significantly by HK$55.1 million, or approximately 351.5% from HK$15.7 million for the six months ended 30 September 2022 to HK$70.7 million for the Reporting Period. The increase was mainly related to the rapid development and expansion of the Company's semiconductor and pan-semiconductor business, which led to the increase of the corresponding R&D expenses including staff costs, share-based compensation expenses, material costs and expenses incurred for R&D for 6 to 12 inches single wafer cleaning equipment, high WPH solar wet processing equipment and copper plating equipment, which shall become the major products of the Company.

Taxes other than income tax

Taxes other than income tax decreased by HK$11.6 million, or approximately 53.3%, from HK$21.7 million for the six months ended 30 September 2022 to HK$10.1 million for the Reporting Period, which was mainly due to the decrease in petroleum special profit levy and resources tax levied on the sale of crude oil attributable to the revenue decrease of Hongbo Mining.

Exploration expenses, including dry holes

The exploration expenses decreased by HK$0.2 million, or approximately 28.6%, from HK$0.7 million for the six months ended 30 September 2022 to HK$0.5 million for the Reporting Period, which was mainly due to the decline of exploration activities.

Impairment loss on trade and other receivables

The impairment loss on trade and other receivables slightly increased by approximately 3.8% for the Reporting Period, which was mainly due to the provision of long-aged trade and other receivables.

Net finance cost

The net finance cost decreased by HK$0.4 million, from a net finance cost of HK$11.8 million for the six months ended 30 September 2022 to HK$11.4 million for the Reporting Period mainly due to the increase of interest income offset by the large foreign exchange loss from exchange rate fluctuations in the Reporting Period.

Loss before taxation

Loss before taxation increased by HK$113.2 million, or approximately 347.2%, from a loss of HK$32.6 million for the six months ended 30 September 2022 to a loss of HK$145.8 million for the Reporting Period, which was primarily due to the cumulative effects of factors as discussed above in this section.

Income tax expense

Income tax expense decreased by HK$6.4 million, or approximately 61.4% from HK$10.4 million for the six months ended 30 September 2022 to HK$4.0 million for the Reporting Period. It mainly included (1) current tax expense of HK$9.2 million mainly due to relevant tax expenses to the authority paid by Hongbo Mining; and (2) deferred tax credit of HK$5.2 million mainly due to other changes arising from the temporary differences of the provision for depreciation of oil and gas properties of Hongbo Mining.

Loss for the period

Loss for the period increased by HK$106.8 million, or approximately 248.5% from a loss of HK$43.0 million for the six months ended 30 September 2022 to a loss of HK$149.8 million for the Reporting Period, which was primarily due to the cumulative effects of factors as discussed above in this section.

EBITDA

The management of the Company prepared a reconciliation of EBITDA to profit/loss before taxation, it is the most directly comparable financial performance measures calculated and presented in accordance with financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. EBITDA refers to earnings before interest expenses, income tax, depreciation and amortisation.

The management of the Company believes that EBITDA is a financial measure commonly used as supplemental financial measures by the management of the Company and by investors, research analysts, bankers and others to assess the operating performance, cash flow, return on capital and the ability to take on financing of the Group as compared to those of other companies. However, EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of the operating performance or profitability of the Group. EBITDA fails to account for income tax, interest expenses, depreciation and amortisation.

The following table presents a reconciliation of EBITDA to loss before taxation for the periods indicated.

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before taxation	**(145,830)**	(32,610)
Add: Interest expenses	**2,218**	729
Add: Depreciation and amortisation	**54,906**	39,906
EBITDA	**(88,706)**	8,025

The EBITDA changed from a profit of HK$8.0 million for the six months ended 30 September 2022 to a loss of HK$88.7 million for the Reporting Period. The decrease of EBITDA was primarily attributable to: (1) decrease of the gross profit contribution from crude oil sales of approximately HK$25.2 million (excluding depreciation and amortization) due to the decline of Brent Oil price during the Reporting Period; (2) reduction in investment income of approximately HK$46.5 million from fair value changes in investment projects and the interest pick up in associates, which were in relation to non-equipment business; and (3) the increase in the net loss caused by the increase of administrative and R&D expenses resulted from the rapid development and expansion of the Company's semiconductor and pan-semiconductor business, partially offset by the increase of the gross profit contribution from the semiconductor and pan-semiconductor business, which totalled approximately HK$57.8 million (excluding depreciation and amortization).

SEGMENT INFORMATION

The Group has presented the following two reportable segments. Details of the Group's reportable segments are as follows:

- Semiconductor and pan-semiconductor: this segment operates in R&D, manufacturing and sales of advanced processing equipment for solar cell and semiconductor industries.

- Oil and gas and others: this segment invests in and operates an upstream oil and gas business, LNG business, and generates income from processing of oil and gas and LNG, as well as investing and managing energy-related and other industries and businesses.

	Six months ended 30 September					
	Semiconductor and pan-semiconductor		**Oil and gas and others**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**262,694**	333,458	**73,563**	99,288	**336,257**	432,746
Investment (loss)/income	**–**	–	**(24,662)**	21,866	**(24,662)**	21,866
Reportable segment (loss)/profit (EBITDA)	**(88,643)**	(26,079)	**(63)**	34,104	**(88,706)**	8,025
Depreciation and amortisation	**(16,371)**	(4,600)	**(38,535)**	(35,306)	**(54,906)**	(39,906)
Interest income	**184**	37	**9,687**	4,032	**9,871**	4,069
Interest expense	**(1,989)**	(399)	**(229)**	(330)	**(2,218)**	(729)
Impairment loss on trade receivables	**(594)**	–	**–**	(572)	**(594)**	(572)
As at 30 September 2023						
Reportable segment assets	**1,154,203**	905,747	**2,071,499**	2,606,359	**3,225,702**	3,512,106
Reportable segment liabilities	**(973,210)**	(720,774)	**(291,828)**	(273,046)	**(1,265,038)**	(993,820)

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances their operations primarily through a combination of bank and other borrowings and proceeds from the Foxconn Subscription. For further details of use of proceeds from the Foxconn Subscription, please refer to the section headed "Business Review — Use of proceeds from the Foxconn Subscription" in this interim results announcement.

The cash and cash equivalents are mostly denominated in US$, HK$ and RMB. As at 30 September 2023, the Group had cash and bank deposits of HK$755.0 million (31 March 2023: HK$474.8 million).

The Group had nil restricted cash (31 March 2023: HK$269.6 million, which was the funds obtained from the sale of JOVO shares in the A-share market in the process of FDI (Foreign Direct Investment)).

As at 30 September 2023, the Group had outstanding loans of HK$130.6 million (31 March 2023: HK$64.0 million).

Save for the information disclosed above or otherwise in this interim results announcement, the Group had outstanding pledge on time deposit of US$20,000,000 as at 30 September 2023.

The Group has not used any financial instrument to hedge potential fluctuation in interest rates and exchange rates.

As at 30 September 2023, the gearing ratio (ratio of the sum of total bank and other borrowings to the total assets) was approximately 4.8% (31 March 2023: 2.1%).

MAJOR RISK MANAGEMENT

The market risk exposures of the Group in its operations primarily consist of oil price risk, currency risk, liquidity risk, interest rate risk, credit risk, equity price risk and driver management risk.

Oil price risk

The principal activities of the Company's subsidiaries and invested portfolios in the "oil and gas and others" segment consist of upstream oil and gas business and LNG logistics services. Hongbo Mining, a wholly-owned subsidiary of the Company, is engaged in petroleum related activities in the PRC. Prices of crude oil are affected by a wide range of global and domestic political, economic and military factors which are beyond the control of the Company. A decrease in such prices could adversely affect the financial results and financial position of the Group.

During the Reporting Period, the Company had not purchased any hedging instruments for part of the production of Hongbo Mining. The Group maintains continuous assessment of oil price risk and takes appropriate measures as necessary to safeguard the interests of its Shareholders. As at 30 September 2023, the Company did not hold any hedging instruments for oil production.

Currency risk

The Group is exposed to currency risk primarily through overseas investment which gives rise to other receivables and cash balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HK$, US$ and RMB.

The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the cash value.

Liquidity risk

The Company and its individual operating entities are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The policy of the Group is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest rate risk

The interest rate risk of the Group arises primarily from interest-bearing borrowings. The Group regularly reviews and monitors the mix of fixed and variable rate bank and other borrowings in order to manage the interest rate risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's credit risk arising from cash at bank is limited because the counterparties are state-owned/controlled or listed bank and well known financial institutions which the Directors assessed the credit risk to be insignificant.

The Group does not provide any guarantees which would expose the Group to credit risk.

The Group constantly evaluates credit risk for trade receivables by taking into account their past history of making payments when due and current ability to pay, and the expected credit loss for trade receivables amounting to HK$0.6 million (for the six months ended 30 September 2022: HK$0.6 million) recognized was mainly from a customer of PDT Technologies.

Equity price risk

The Group was exposed to equity price changes arising from listed securities classified as financial assets at FVTPL. Decisions to buy or sell trading securities were based on daily monitoring of the performance of individual securities compared to that of the index and other industry indicators, as well as the Group's liquidity needs.

As at 30 September 2023, the Group did not hold any shares as listed securities (31 March 2023: 2,054,859 shares in JOVO as listed securities).

Driver management risk in the mobility services platform

Maintaining a team of competitive drivers is a key to the success of the mobility services platform. If Weipin is unable to attract or maintain a critical mass of drivers, its business will become less appealing to business partners, and the financial results of the Company would be adversely affected.

To continue to retain and attract drivers to Weipin's platform, Weipin will increase the drivers' earnings by increasing the fixed fees payable to drivers for a given trip and its incentives to drivers. Further, Weipin has indicated that it will continue to provide more resources and access to larger driver pools in the future.

In addition, Weipin will continue to invest in the development of new driver service system that provides additional value for drivers, which differentiates it from its competitors. Specific measures include: (1) outstanding full-time drivers will be rewarded with the services of exclusive service managers, as well as tea breaks and other services at service stations; (2) Weipin will integrate the resources of the automobile service industry, cooperate with other companies in relevant industries, and provide core drivers with services such as charging, vehicle insurance, vehicle maintenance, and traffic violation handling; and (3) Weipin will select high-performance drivers on a regular basis and reward them with a certificate or a medal, giving them a strong sense of honor and enhancing their loyalty to Weipin's platform.

SIGNIFICANT INVESTMENTS

As at 30 September 2023, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group.

CHARGES ON ASSETS OF THE GROUP

As at 30 September 2023, Hongbo Mining's land, buildings, machinery and equipment no longer were pledged as the security to secure financing facilities granted to Hongbo Mining (31 March 2023: HK$84.7 million).

CONTINGENT LIABILITIES

So far as known to the Directors, as at 30 September 2023, there had been no litigation, arbitration or claim of material importance in which the Group was engaged or pending or which as threatened against the Group.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had the capital commitment of HK$9.4 million (31 March 2023: HK$3.9 million) contracted but not provided for the acquisition of property, plant and equipment.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (31 March 2023: Nil).

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

EMPLOYEES

As at 30 September 2023, the Group had 387 (31 March 2023: 360) employees in Hong Kong and the PRC. During the Reporting Period, the total staff costs (including the Directors' emoluments and equity settled share-based compensation amounted to approximately HK$31.8 million) amounted to HK$107.5 million (for the six months ended 30 September 2022: HK$46.6 million). Employees' remuneration package was reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Employees' remuneration package includes basic salary, year-end bonus, awarded shares, medical and contributory provident fund.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any other future plans for material investments or capital assets as at 30 September 2023. The Company will continue to seek new investment opportunities to broaden its revenue base and profit potential and maximise Shareholders' value in the long term.

AUDIT COMMITTEE AND REVIEW OF THE RESULTS

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises two independent non-executive Directors and a non-executive Director who possess the appropriate business and financial experience and skills to understand financial statements. As at the date of this interim results announcement, Mr. CHAU Shing Yim David is the chairman of Audit Committee and the other two members are Mr. CAO Xiaohui and Mr. WANG Guoping. The Audit Committee has adopted terms of references which are in line with the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "**CG Code**").

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the risk management and internal controls and financial reporting matters, including a review of the unaudited consolidated interim results of the Group for the six months ended 30 September 2023 with no disagreement on the accounting treatment adopted by the Company.

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

From May 2023 to August 2023, the Company repurchased a total of 130,818,000 ordinary shares of the Company on the Stock Exchange, with an aggregate consideration paid amounting to HK$94,789,650, among which 130,680,000 shares and 138,000 shares were cancelled on 27 September 2023 and 25 October 2023, respectively, and the issued share capital of the Company was reduced accordingly. The repurchase was effected by the Board for the enhancement of Shareholders' value in the long term. Details of the shares repurchased are as follows:

		Repurchase price per share		
Month of repurchase	**No. of shares repurchased**	**Highest price paid**	**Lowest price paid**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$*
May 2023	106,872,000	0.80	0.74	81,931,340
June 2023	1,300,000	0.68	0.65	866,080
July 2023	7,050,000	0.60	0.56	4,082,880
August 2023	15,596,000	0.55	0.48	7,909,350
Total	130,818,000			94,789,650

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance and has always recognised the importance of accountability, transparency and protection of Shareholders' interest in general. The Company has adopted the code provisions of the CG Code as its own corporate governance policy, subject to amendments from time to time.

In the opinion of the Board, the Company had complied with all applicable code provisions of the CG Code throughout the Reporting Period, except for the code provision C.2.1, which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company (the "**Chief Executive Officer**") are borne concurrently by Dr. Liu to improve the efficiency of decision-making and execution process of the Company. Accordingly, the Company has deviated from code provision C.2.1 of the CG Code. Notwithstanding the above, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number of independent non-executive Directors, and therefore, the performance of the roles of the chairman of the Board and the Chief Executive Officer concurrently by Dr. Liu will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to regulate the Directors' securities transactions.

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Reporting Period.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Change of Domicile, Principal Share Registrar and Transfer Office and Registered Office and Adoption of the New Memorandum and Articles of Association

On 28 September 2023, the Board proposed to (i) change the domicile of the Company from Bermuda to the Cayman Islands by way of discontinuance in Bermuda and continuation as an exempted company under the laws of the Cayman Islands; and (ii) adopt the new memorandum and articles of association of the Company in compliance with the laws of the Cayman Islands to replace, respectively, the existing memorandum of association and bye-laws of the Company, effective upon continuation of the Company under the laws of the Cayman Islands. The above resolution was approved by the Shareholders at the special general meeting held by the Company on 1 November 2023. The change of domicile and the adoption of the new memorandum and articles of association of the Company took effect on 17 November 2023.

With effect from the Change of Domicile, (i) the registered office of the Company has been changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands; and (ii) Conyers Trust Company (Cayman) Limited of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands has been appointed as the principal share registrar and transfer office of the Company in the Cayman Islands.

For details, please refer to the announcements of the Company dated 28 September 2023, 1 November 2023 and 23 November 2023 and the circular of the Company dated 11 October 2023.

Except for as disclosed above and elsewhere in this interim results announcement, there are no material subsequent events undertaken by the Company after 30 September 2023 and up to the date of this interim results announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.pdt-techs.com.

The interim report of the Company for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's website and the Company's website in due course.

By order of the Board
Productive Technologies Company Limited
Liu Erzhuang
Chairman and Chief Executive Officer

Hong Kong, 24 November 2023

As at the date hereof, the Board comprises seven Directors, of whom three are executive Directors, namely Dr. Liu Erzhuang (Chairman), Mr. Tan Jue and Mr. Liu Zhihai; one is non-executive Director, namely Mr. Cao Xiaohui; and three are independent non-executive Directors, namely Ms. Ge Aiji, Mr. Chau Shing Yim David and Mr. Wang Guoping.

* *For identification purpose only*