泛 亞 環 保 集 團 有 限 公 司
**Pan Asia Environmental Protection Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock code: 556)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

## FINANCIAL HIGHLIGHTS

| | Six months ended 30 June | | |
|---|---|---|---|
| | **2024** | 2023 | **Variance** |
| | ***RMB'000*** | *RMB'000* | |
| | **(Unaudited)** | (Unaudited) | |
| **REVENUE** | **115,410** | 108,938 | 5.9% |
| **GROSS PROFIT** | **17,855** | 16,193 | 10.3% |
| **PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY** | **6,389** | 2,073 | 208.2% |
| **EARNINGS PER SHARE** *(Expressed in RMB cents per share)* | | | |
| Basic and diluted | **0.66** | 0.25 | 164.0% |

## RESULTS

The Board (the "Board") of Directors (the "Directors") of Pan Asia Environmental Protection Group Limited (the "Company" or "Pan Asia") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2024 (the "Reporting Period"), together with the comparative figures for the corresponding period in 2023 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Revenue** | 4(a) | **115,410** | 108,938 |
| Cost of sales | | **(97,555)** | (92,745) |
| **Gross profit** | | **17,855** | 16,193 |
| Other income, net | 5 | **3,040** | 1,764 |
| Other net gain/(loss) | | **889** | (2,187) |
| Selling and distribution expenses | | **(456)** | (456) |
| General and administrative expenses | | **(9,150)** | (8,850) |
| Impairment loss on cryptocurrencies | 6(b) | **(6,988)** | – |
| Fair value gain on financial liabilities at fair value through profit or loss | 6(b) | **7,609** | – |
| Finance costs | 6(a) | **(845)** | (1,469) |
| **Profit before taxation** | 6 | **11,954** | 4,995 |
| Income tax expenses | 7 | **(4,896)** | (2,922) |
| **Profit for the period** | | **7,058** | 2,073 |
| **Other comprehensive loss for the period** | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| – Exchange differences on translation of financial statements to presentation currency | | **(656)** | (3,370) |
| **Total comprehensive income/(loss) for the period** | | **6,402** | (1,297) |

| | Note | Six months ended 30 June 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
|---|---|---|---|
| **Profit attributable to:** | | | |
| – Owners of the Company | | **6,389** | 2,073 |
| – Non-controlling interests | | **669** | – |
| | | **7,058** | 2,073 |
| **Total comprehensive income/(loss) attributable to:** | | | |
| – Owners of the Company | | **5,733** | (1,297) |
| – Non-controlling interests | | **669** | – |
| | | **6,402** | (1,297) |
| | | ***RMB cents*** | *RMB cents* |
| **EARNINGS PER SHARE** | 8 | | |
| Basic and diluted | | **0.66** | 0.25 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
*AS AT 30 JUNE 2024*

| | *Note* | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **456** | 311 |
| Right-of-use assets | 10 | **1,783** | 1,107 |
| Cryptocurrencies | 11 | **23,723** | – |
| Prepayments | | **487** | – |
| Deferred tax assets | | **2,721** | 2,944 |
| | | **29,170** | 4,362 |
| **Current assets** | | | |
| Cryptocurrencies | 11 | **69** | – |
| Trade and other receivables | 12 | **52,563** | 52,547 |
| Cash and bank balances | | **1,248,889** | 1,235,816 |
| | | **1,301,521** | 1,288,363 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **122,626** | 120,659 |
| Corporate bonds | 14 | **1,763** | 11,781 |
| Lease liabilities | | **975** | 468 |
| Tax payables | | **2,915** | 729 |
| | | **128,279** | 133,637 |
| **Net current assets** | | **1,173,242** | 1,154,726 |
| **Total assets less current liabilities** | | **1,202,412** | 1,159,088 |

| | Note | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Corporate bonds | 14 | **19,927** | 20,884 |
| Lease liabilities | | **857** | 711 |
| Financial liabilities at fair value through profit or loss | 15 | **25,927** | – |
| | | **46,711** | 21,595 |
| **Net assets** | | **1,155,701** | 1,137,493 |
| **Capital and reserves** | | | |
| Share capital | 16 | **91,718** | 86,149 |
| Reserves | | **1,063,314** | 1,051,344 |
| **Equity attributable to owners of the Company** | | **1,155,032** | 1,137,493 |
| **Non-controlling interests** | | **669** | – |
| **Total equity** | | **1,155,701** | 1,137,493 |

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 1506, 15/F, Lippo Sun Plaza, No. 28, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Group is principally engaged in the sales of environmental protection ("EP") products and equipment, undertaking of EP construction engineering services in the People's Republic of China (the "PRC") and investment holding.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company's functional currency is Hong Kong dollars ("HK$") while the functional currency of most of its subsidiaries is Renminbi ("RMB"). The condensed consolidated financial statements are presented in RMB, as a majority of the Group's transactions are denominated in RMB and rounded to the nearest thousand, unless otherwise indicated.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

#### (b) Material accounting policy information

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those adopted and described in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the following accounting policies, and new and amended standards as set out below.

***(1) Accounting policies relevant to the new activities of the Group***

*(i) Agency fee income (included in other income, net)*

Agency fee income is recognised when the relevant service is rendered and the potential customer as introduced by the Group has executed the co-operative agreement with the Group's related company, PowerMeta Corporation ("PowerMeta"), and has made the required payments to PowerMeta in accordance with the co-operative agreement, since only by that time the Group has an enforceable right to payment from PowerMeta for the agency service performed.

PowerMeta is the Group's related company of which Mr. Lucas Wu Perez is the sole and ultimate beneficial owner of PowerMeta, and Mr. Lucas Wu Perez is also the minority shareholder of the Company's subsidiary.

*(ii)* *Net income from provision of decentralised disaster recovery storage solution (included in other income, net)*

The Group recognises income from provision of decentralised disaster recovery storage solution within digital currency blockchains (commonly termed "cryptocurrency mining"), net of the necessary costs incurred. As the consideration for these services, the Group receives cryptocurrencies (i.e. Filecoins) from each specific blockchain in which the Group's joint operation participated. Income is measured based on the fair value of the cryptocurrencies earned and received by the Group at which time the economic benefit is received and can be reliably measured. The fair value is determined by using the spot price of the cryptocurrency on the date of cryptocurrency earned and received by the Group.

*(iii)* *Cryptocurrencies*

Cryptocurrencies held by the Group have infinite useful lives are measured at cost less any accumulated impairment losses. The Group carries out the impairment testing by comparing the recoverable amounts of cryptocurrencies to their carrying amounts. An impairment loss will be recognised when the recoverable amount is lower than the carrying amount, while a gain will not be recognised even when the recoverable amount is higher than the carrying amount. A gain will only be recognised if the impairment loss is recovered or the cryptocurrency is disposed of, assuming the proceeds from disposal at that time is higher than its carrying amount.

*(iv)* *Financial liabilities at fair value through profit or loss*

The financial liabilities at fair value through profit or loss, representing the Group's unsecured borrowing of cryptocurrencies and accrued interests, are measured as financial liabilities at fair value through profit or loss and are subsequently measured at fair value. Gain or loss arising from changes in fair value of these financial liabilities are recognised in profit or loss.

*(v)* *Joint arrangement*

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

In relation to its interest in a joint operation, the Group recognises in its condensed consolidated financial statements in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA applicable to the particular assets, liabilities, revenue and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly.

***(2) New and amended standards adopted by the Group for the annual reporting period commencing on 1 January 2024***

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current (amendments) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants (amendments) |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback (amendments) |
| Hong Kong Interpretation 5 (Revised) | Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020)) |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements (amendments) |

The application of the above new and amended standards in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

***(3) New and amended standards and interpretations issued but are not yet effective for the annual reporting period commencing 1 January 2024 and have not been early adopted by the Group***

| | | **Effective for accounting periods beginning on or after** |
|---|---|---|
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability (amendments) | 1 January 2025 |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments (amendments) | 1 January 2026 |
| HKFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| HKFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Hong Kong Interpretation 5 | Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) | 1 January 2027 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

According to the preliminary assessment by the directors of the Company, the Group expected that these new and amended standards and interpretations issued by the HKICPA do not have any significant impact on the Group's financial positions and performance.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### (a) Key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

#### *(i) Estimation of impairment of trade receivables and contract assets*

The Group estimates the loss allowances for trade receivables and contract assets by assessing the expected credit losses ("ECLs"). This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and contract assets and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables and contract assets during their expected lives.

#### *(ii) Warranty provisions*

The Group does not make provision for product warranties arising from sales of EP products and equipment, taking into account the Group's recent claim experience and past experience of the level of repairs. In addition, the Group has also received product warranties in respect of those products and equipment supplied from its suppliers, and the scope of the product warranties (including warranty periods) are the same as those the Group offered to its customers. It is not indicative of future claims that it will receive in respect of past sales.

### (b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

#### *(i) Income taxes*

The Group is subject to income tax in Hong Kong, various taxes in the PRC and in the United States of America ("USA" or "U.S."). Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*(ii) Withholding tax on the distributable profits of the Company's subsidiaries established in the PRC*

On 16 March 2007, National People's Congress approved the New EIT Laws which was effective from 1 January 2008. According to the relevant regulations of the New EIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its foreign investors, they are subject to the PRC Enterprise Income Tax. The applicable income tax rate varies with the origin of the overseas investors.

The Group's determination as to whether to accrue for withholding tax from distribution of dividends from its subsidiaries established in the PRC according to the relevant tax law and regulations is subject to judgement on the timing of the payment of the dividends. The estimation process is highly based on assumptions, which are influenced by projected future market and economic conditions and future financing requirements of the Group, and it is not probable that these subsidiaries will distribute dividends in the foreseeable future.

*(iii) Accounting for cryptocurrencies*

HKFRSs do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the condensed consolidated financial statements, management needs to apply judgement in determining appropriate accounting policies based on the facts and circumstances of the Group's holding of cryptocurrencies.

Given the Group's purpose for holding cryptocurrencies, management considered that cryptocurrencies held by the Group should be accounted for as indefinite-lived intangible assets accounted for under the cost model.

As disclosed in note 11, in determining fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for trading of cryptocurrencies, and to consider accessibility to and activity within those markets in order to identify the principal cryptocurrency markets to ascertain the respective fair market values.

*(iv) Income from provision of decentralised disaster recovery storage solutions*

The Group recognised income from provision of decentralised disaster recovery storage solution within digital currency blockchains (commonly termed as "cryptocurrency mining") through a joint arrangement. As consideration for these services, the Group receives cryptocurrencies from digital currency blockchains which the Group's joint operation participates. Income is measured based on the fair value of the cryptocurrencies earned and received by the Group. The fair value is determined by using the spot price of the cryptocurrency on the date of cryptocurrency earned and received by the Group.

There is currently no specific definitive guidance in HKFRSs for the accounting for the mining of cryptocurrencies, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from provision of decentralised disaster recovery storage solutions. Management has examined various factors surrounding the substance of the Group's operations, addition of cryptocurrencies to a blockchain and the reliability of the measurement of the cryptocurrencies received. In the event authoritative guidance is enacted by the HKICPA, the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, the Group may be required to change its policies which could result in a change in the Group's financial position and performance.

## 4. REVENUE AND SEGMENT REPORTING

### (a) Revenue

Revenue represents the fair value of the amounts received and receivables for goods sold, and services rendered, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

Disaggregation of revenue from contracts with customers are as follows:

| | Six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| **Segment** | **EP products and equipment** | | **EP construction engineering services** | | **Total** | |
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| **Types of goods or services** | | | | | | |
| Sales of goods | | | | | | |
| – Water treatment products and equipment | **84,920** | 63,102 | **–** | – | **84,920** | 63,102 |
| – Flue gas treatment products and equipment | **30,490** | 45,836 | **–** | – | **30,490** | 45,836 |
| | **115,410** | 108,938 | **–** | – | **115,410** | 108,938 |
| **Timing of revenue recognition** | | | | | | |
| A point in time | **115,410** | 108,938 | **–** | – | **115,410** | 108,938 |

### (b) Segment reporting

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which the information is reported internally to the Group's Chief Executive Officer, who is the Group's Chief Operating Decision Maker ("CODM"), for the purposes of resources allocation and performance assessment, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are organised into two main operating segments including (i) EP products and equipment and (ii) EP construction engineering services. No other operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

| | Six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **EP products and equipment** | | **EP construction engineering services** | | **Total** | |
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Reportable segment revenue from external customers | **115,410** | 108,938 | **–** | – | **115,410** | 108,938 |
| Inter-segment revenue | **–** | – | **–** | – | **–** | – |
| Reportable segment revenue | **115,410** | 108,938 | **–** | – | **115,410** | 108,938 |
| Reportable segment profit (adjusted EBITDA) | **17,941** | 13,448 | **–** | – | **17,941** | 13,448 |
| Depreciation | **31** | 31 | **–** | – | **31** | 31 |
| Net impairment loss (reversed)/recognised on | | | | | | |
| – trade receivables | **(976)** | 1,116 | **–** | – | **(976)** | 1,116 |
| – contract assets | **85** | 1,071 | **–** | – | **85** | 1,071 |

***Geographical information***

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| The PRC (place of domicile) | **115,410** | 108,938 |

## 5. OTHER INCOME, NET

| | **Six months ended 30 June** | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Bank interest income | **1,257** | 1,759 |
| Agency fee income | **1,708** | – |
| Net income from provision of decentralised disaster recovery storage solution | **75** | – |
| Sundry income | **–** | 5 |
| | **3,040** | 1,764 |

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **(a) Finance costs** | | |
| Interest expenses on financial liabilities at fair value through profit or loss | **147** | – |
| Interest expenses on corporate bonds | **654** | 1,459 |
| Interests on lease liabilities | **44** | 10 |
| | **845** | 1,469 |
| **(b) Other items** | | |
| Cost of inventories | **97,555** | 92,745 |
| Depreciation of | | |
| – property, plant and equipment | **58** | 56 |
| – right-of-use assets | **311** | 403 |
| Net impairment loss (reversed)/recognised on | | |
| – trade receivables *(Note)* | **(976)** | 1,116 |
| – contract assets *(Note)* | **85** | 1,071 |
| Impairment loss on cryptocurrencies | **6,988** | – |
| Fair value gain on financial liabilities at fair value through profit or loss | **(7,609)** | – |
| Lease expenses related to leases of low-value assets and short-term leases | **96** | 96 |

*Note:* These items are included in other net gain/(loss) in the condensed consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax | | |
| – Provision for the period | **4,674** | 3,469 |
| Deferred tax | | |
| – Origination and reversal of temporary difference | **222** | (547) |
| | **4,896** | 2,922 |

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands, respectively are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the six months ended 30 June 2024 and 2023.

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023.

The U.S. income tax includes (a) federal income tax calculated at a fixed rate of 21% on the estimated U.S. federal taxable income and (b) state income tax calculated at various state income tax rates for the six months ended 30 June 2024 on the estimated state taxable income for the respective states.

The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share | **6,389** | 2,073 |

| | **Six months ended 30 June** | |
|---|---|---|
| | **2024** | 2023 |
| | **(Unaudited)** | (Unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share | **972,479,784** | 840,000,000 |

Diluted earnings per share for the six months ended 30 June 2024 and 2023 are equal to basic earnings per share as the Company has no potential dilutive ordinary shares outstanding during both periods.

## 9. DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## 10. RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group entered into lease agreements for office premise and apartment, and recognised the addition to right-of-use assets of approximately RMB977,000 (six months ended 30 June 2023: RMB1,377,000).

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a total cost of approximately RMB201,000 (six months ended 30 June 2023: RMB162,000).

## 11. CRYPTOCURRENCIES

| | **At 30 June 2024** *RMB'000* **(Unaudited)** | At 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Cost | **30,747** | – |
| Accumulated impairment | **(6,988)** | – |
| Exchange difference | **33** | – |
| Carrying amount | **23,792** | – |
| Represented by: | | |
| Non-current portion | **23,723** | – |
| Current portion | **69** | – |
| | **23,792** | – |

As at 30 June 2024, cryptocurrencies of 743,012 Filecoins held by the Group's joint operation, amounting to approximately RMB23,723,000, were pledged to Mainnet, a primary Filecoin network, for carrying out the provision of decentralised disaster recovery storage solutions by the Group's joint operation for a period of 540 days from 1 June 2024.

As at 30 June 2024, cryptocurrencies of 2,176 Filecoins held by the Group's own wallet, amounting to approximately RMB69,000, were classified as current assets and the Group expected to realise these cryptocurrencies within one year after the end of the reporting period.

**Impairment test for cryptocurrencies**

Cryptocurrencies held by the Group have been assessed for impairment testing. The Group performs impairment testing by comparing the recoverable amounts of cryptocurrencies to their carrying amounts. An impairment loss will be recognised when the recoverable amount is lower than the carrying amount, while a gain will not be recognised even when the recoverable amount is higher than the carrying amount. A gain will only be recognised if the impairment loss is recovered or the cryptocurrency is disposed of, assuming the proceeds from disposal at that time is higher than its carrying amount.

Cryptocurrencies held by the Group, are accounted for as intangible assets under the cost model and are considered to have an indefinite life. Accordingly, they are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The recoverable amount of the cryptocurrencies is determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group considers accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group.

The fair value of Filecoins traded in active market (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. Therefore, the fair value used for assessment of recoverable amount in impairment tests is determined as quoted prices (unadjusted) in active market for Filecoins (Level 1).

As at 30 June 2024, the Group carried out impairment test for Filecoins held by the Group (including the Group's joint operation). Based on the impairment test, the prevailing market prices of Filecoins as of 30 June 2024 were significantly lower than the total costs of the Filecoins held by the Group (including the Group's joint operation). Accordingly, impairment loss of RMB6,988,000 was recognised in profit or loss during the six months ended 30 June 2024.

## 12. TRADE AND OTHER RECEIVABLES

| | **At 30 June 2024** *RMB'000* **(Unaudited)** | At 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade receivables | **35,424** | 39,520 |
| Less: Impairment loss on trade receivables | **(8,439)** | (9,414) |
| Trade receivables, net | **26,985** | 30,106 |
| Other receivables | **17** | – |
| Contract assets | **25,514** | 24,624 |
| Less: Impairment loss on contract assets | **(2,446)** | (2,361) |
| Contract assets, net | **23,068** | 22,263 |
| Amount due from a related company *(Note)* | **1,453** | – |
| Prepayments and deposits | **1,029** | 167 |
| Other tax recoverable | **11** | 11 |
| | **52,563** | 52,547 |

*Note:* The amount due from a related company, PowerMeta, is unsecured, interest-free and repayable on demand.

The Group generally allows credit period ranging from 0 to 180 days to its trade customers.

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade receivables, and follows up collection of these receivables.

The following is an ageing analysis of trade receivables, net of impairment loss, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

| | **At 30 June 2024** *RMB'000* **(Unaudited)** | At 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Less than six months | **28,184** | 26,622 |
| Over six months but less than one year | **7,240** | 12,898 |
| | **35,424** | 39,520 |
| Less: Impairment loss | **(8,439)** | (9,414) |
| | **26,985** | 30,106 |

## 13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

| | **At 30 June 2024** | At 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Trade payables | | |
| – Less than six months | **26,700** | 30,555 |
| – Over six months but less than one year | **12,603** | 10,129 |
| – Over one year | **988** | 988 |
| | **40,291** | 41,672 |
| Accruals and other payables | **12,011** | 12,759 |
| Amount due to the Company's immediate and ultimate controlling party *(Note)* | **70,005** | 62,217 |
| Amount due to a director of the Company *(Note)* | **16** | – |
| Contract liabilities | **–** | 3,540 |
| Other tax payables | **303** | 471 |
| | **122,626** | 120,659 |

*Note:* The amounts due to the Company's immediate and ultimate controlling party, Praise Fortune Limited, and a director of the Company, Mr. Zhu Duke Li, are unsecured, interest-free and repayable on demand.

## 14. CORPORATE BONDS

**Corporate bonds issued during the year ended 31 December 2017**

During the year ended 31 December 2017, the Company issued five tranches corporate bonds with aggregate principal amount of HK$25,000,000 (equivalent to RMB21,278,000). Two tranches of 4 years corporate bonds were subscribed by Mr. Jiang Xin, a former director of the Company, and his father, Mr. Jiang Quanlong, with principal amount of HK$10,500,000 each (equivalent to RMB8,944,000 each) which were matured in October 2021. In October 2021, the mature dates of these two tranches corporate bonds were extended to October 2031. Three tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK$4,000,000 (equivalent to RMB3,390,000) were subscribed by three independent third parties, in which, two tranches of corporate bonds with aggregate principal amount of HK$2,000,000 had been settled in previous years.

**Corporate bond issued during the year ended 31 December 2018**

During the year ended 31 December 2018, the Company issued one tranche corporate bond of 6 months with a principal amount of HK$30,000,000 (equivalent to approximately RMB26,604,000) to an independent third party. The bond matured in May 2019 and the mature date was further extended to November 2024. On 14 December 2023, the Company issued 88,679,245 ordinary shares of the Company to capitalise part of the corporate bond of HK$18,800,000 (equivalent to RMB17,048,000) in accordance with the debt capitalisation agreement. On 22 February 2024, the Company issued 61,320,755 ordinary shares of the Company to capitalise remaining part of the corporate bond, including outstanding interest of HK$13,000,000 (equivalent to RMB11,806,000) in accordance with the debt capitalisation agreement. After the completion of two tranches of debt capitalisation, the corporate bond was fully settled by the Group during the six months ended 30 June 2024.

Carrying amount repayable (based on the scheduled repayable dates set out in the subscription agreements):

| | **At 30 June 2024** *RMB'000* **(Unaudited)** | At 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Current portion | **1,763** | 11,781 |
| Non-current portion | **19,927** | 20,884 |
| | **21,690** | 32,665 |

**15. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial liabilities at fair value through profit or loss represents the Group's unsecured borrowing of cryptocurrencies and accrued interests from 3 Body Unispace Limited ("3 Body"), the Group's related company. During the six months ended 30 June 2024, the Group entered into a loan agreement with 3 Body in which (i) Mr. Zhu Duke Li, a director of the Company, and together with his wife have 34% equity interest in 3 Body and (ii) Mr. Lucas Wu Perez, the minority shareholder of the Company's subsidiary, has 33% equity interest in 3 Body, and the Group agreed to borrow 808,000 Filecoins or equivalent amounts of US dollars from this related company at a fixed interest rate of 6% per annum due in arrears for a period of 540 days. The Group is required to settle the principal and accrued interests to this related company at the maturity date by way of transferring 880,720 Filecoins or equivalent amounts of US dollars.

The Group's borrowing of cryptocurrencies and accrued interests are measured as financial liabilities at fair value through profit or loss and are subsequently measured at fair value. Gain or loss arising from changes in fair value of these financial liabilities are recognised in profit or loss.

The movements of the Group's borrowing of cryptocurrencies and accrued interests are as follow:

| | ***RMB'000*** (Unaudited) |
|---|---|
| As at 1 January 2024 | **–** |
| Advanced from 3 Body | **33,352** |
| Interest expenses for the period | **147** |
| Fair value gain on financial liabilities at fair value through profit or loss for the period | **(7,609)** |
| Exchange difference | **37** |
| As at 30 June 2024 | **25,927** |

The carrying amount of the financial liabilities at fair value through profit or loss as at 30 June 2024 is determined based on the fair value of the principal and accrued interests of the cryptocurrencies borrowed by the Group. In determining the fair values, the relevant available markets are identified by the Group, and the Group considers accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group.

The fair value of Filecoins traded in active market (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. Therefore, the carrying amount of the financial liabilities at fair value through profit or loss as at 30 June 2024 is determined based on the quoted prices (unadjusted) in active market for Filecoins (Level 1).

## 16. SHARE CAPITAL

| | Number of shares | Amount | |
|---|---|---|---|
| | '000 | HK$'000 | (Equivalent to RMB'000) |
| Ordinary shares of HK$0.1 each | | | |
| **Authorised:** | | | |
| As at 31 December 2023, 1 January 2024 and 30 June 2024 | 4,000,000 | 400,000 | |
| **Issued and fully paid:** | | | |
| As at 31 December 2023 and 1 January 2024 (Audited) | 928,679 | 92,868 | 86,149 |
| Issue of new shares *(Note)* | 61,321 | 6,132 | 5,569 |
| As at 30 June 2024 (Unaudited) | 990,000 | 99,000 | 91,718 |

*Note:* On 22 February 2024, the Company settled the debt of HK$13,000,000 (equivalent to RMB11,806,000) by issue of 61,320,755 ordinary shares of Company in accordance with the debt capitalisation agreement signed between the subscriber and the Company on 1 December 2023.

## 17. JOINT ARRANGEMENT

### Joint operation

The Group entered into several agreements with PowerMeta to carry out provision of decentralised disaster recovery storage solution within digital currency blockchains (i.e. decentralised disaster recovery storage network in Web 3.0 ("DR network"), through a joint arrangement. PowerMeta is the Group's related company of which Mr. Lucas Wu Perez is the sole and ultimate beneficial owner of PowerMeta, and Mr. Lucas Wu Perez is also the minority shareholder of the Company's subsidiary.

In accordance with the agreements, the Group is responsible for providing a maximum of 1,820,000 Filecoins which will be used as collateral in the DR network. PowerMeta is responsible for the construction, operation and technical maintenance of the DR nodes and the DR network. PowerMeta is also responsible for providing Filecoins as network Gas fees, Datacap real data acquisition costs and other operational costs required for the operation and maintenance of the DR network. This joint operation has a duration limit of 540 days.

After reimbursing PowerMeta for the Filecoins provided for the operation and maintenance of the DR network, the Group and PowerMeta shall share the Filecoins to be awarded equally.

Under the joint arrangement with PowerMeta, income derived from the joint operation, and the costs and expenses from the joint operation are recognised and assumed by each party independently; while the assets provided by each party and the related liabilities are also recognised and assumed by each party respectively.

## 18. EVENTS AFTER THE REPORTING PERIOD

### (a) Proposed change of company name

On 13 August 2024, the directors of the Company proposed to change the name of the Company from "Pan Asia Environmental Protection Group Limited" to "Turing AI Technologies Group Limited". The proposed change of company name is subject to the satisfaction of following conditions, (i) the passing of a special resolution by the shareholders at the extraordinary general meeting to approve the proposed change of company name; and (ii) the registrar of companies in the Cayman Islands approving the proposed change of company name.

Further details of the proposed change of company name are set out in the announcement of the Company dated 13 August 2024.

### (b) Exclusive agency agreement with PowerMeta

On 5 August 2024, the Company's subsidiary entered into the exclusive agency agreement with PowerMeta, pursuant to which PowerMeta exclusively authorises the Company's subsidiary to conduct agency business in the Southeast Asia and Australia for PowerMeta's GPU computing power rental services.

Further details of the exclusive agency agreement with PowerMeta are set out in the announcement of the Company dated 5 August 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2024, the international environment was ridden with geopolitical uncertainties and Chinese economic growth fell short of expectations. Heeding prevailing market conditions and on the solid foundation of its environmental protection ("EP") products development, manufacturing and sale business and engineering services, the Group actively expanded its artificial intelligence (AI) business to seize opportunities brought by the two major economic trends – green sustainability and information technology – and its efforts paid off with favorable preliminary results.

For the six months ended 30 June 2024, the Group's EP products and equipment segment continued to address demand of the Mainland China market to build a low-carbon and circular economy. It completed four water treatment projects and one flue gas treatment project, recording sales revenue of RMB115.4 million. As at 30 June 2024, the Group had three projects on hand and work to be completed of aggregate value RMB223.6 million (tax inclusive). It expects these projects to be completed before the end of 2024.

During the period under review, the Group established a non-wholly-owned subsidiary Pan Asia Environmental Protection Group USA LLC ("Pan Asia USA") in the US to develop Web 3.0 and AI businesses. A business cooperation agreement was signed with PowerMeta Corporation ("PowerMeta") to develop a decentralised disaster recovery storage network ("DR Network"), which adopts IPFS and Filecoin network technologies to ensure the security and reliability of data transmission, and run agency business for graphics processing units ("GPU") computing power rental services. These two businesses contributed US$11,000 and US$240,000, respectively to the Group's revenue.

### FINANCIAL REVIEW

In the first half of 2024, the Group made a total revenue of RMB115.4 million, up by 5.9% year-on-year from RMB108.9 million in the same period last year, mainly attributable to the significant increase in sales of EP products. Gross profit increased by 10.3% to RMB17.85 million on the back of improved efficiency from enhanced project portfolio management. Gross profit margin increased to 15.5% from 14.9% in the same period last year. Revenue from the AI business, including (i) agency fee income RMB 1.71 million received for introducing client to PowerMeta and (ii) net income RMB 75,000 from provision of decentralised disaster recovery storage solution, both being classified as other income net.

Profit attributable to owners of the Company was RMB6.39 million for the six months ended 30 June 2024, 208.2% more than the RMB2.07 million recorded in the same period last year. Basic and diluted earnings per share were RMB0.66 cents (same period in 2023: RMB0.25 cents).

## INTERIM DIVIDEND

To reserve capital for the Group to develop business, the Board did not recommend payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## PROSPECTS

The Group will actively seize business opportunities brought by development of the low-carbon circular economy and government policies, capitalize on its extensive experience and professional expertise to enhance the quality of its EP products and services, diversify its business portfolio and optimize operational efficiency, to the end of boosting revenue sources.

With AI becoming an important driver of global development, Hong Kong, as an international financial center in Asia, has combined AI with its proven advantageous financial system to develop a virtual asset platform, and welcomed recently into the market the first batch of exchange-traded virtual asset futures funds in Asia. The Group has also strived to develop AI businesses such as Web 3.0 to give it new impetus for future growth.

The Group has partners in leading companies in China and the US to develop intelligent technology business. Among them, Chengdu Qingshu Technology Co., Ltd. is a high-tech enterprise in China specializing in big data and intelligent computing research and application, and owns a computing cloud platform that provides comprehensive infrastructure and application programing interface (API) services, whereas PowerMeta is a globally leading decentralized AI large model fine-tuning infrastructure construction and operation provider, focusing on creating exclusive trillion-scale AI large models for enterprises. It offers enterprises a full range of AI services, including AI computing power, trillion-scale base large models, private deployment, dataset optimization, inference, and full-stack API services, meeting enterprises' comprehensive AI needs. PowerMeta also provides network storage solutions based on blockchain technology and an IPFS/Filecoin disaster recovery infrastructure network. These partnerships have given the Group outstanding technological strengths to provide advanced products and services and accelerate business growth.

Regarding its Web3.0 decentralized disaster recovery storage network, the Group will build up to 28 disaster recovery nodes ("DR Nodes") with PowerMeta. Currently, the mainnet deployment of 14 DR Nodes has been completed, with the remaining DR Nodes in the preparation stage. They are expected to be deployed in the near future to offer reliable, secure and efficient data management solutions to customers in the financial and technology industries, meeting the utmost data security requirements of relevant enterprises.

In early August 2024, Pan Asia USA also signed an exclusive agency agreement with PowerMeta, pursuant to which, Pan Asia USA will become the exclusive agency for PowerMeta's graphics processing units ("GPU") computing power rental services in Southeast Asia and Australia.

As AI is extensively being used, the Group believes the industry will be more and more inclined to employ accelerated computing services, as such, dedicated hardware accelerators, like GPUs and Web3.0 decentralized disaster recovery storage network products and related services, have important commercial value and bright prospect. Backed by the partnerships forged, the Group has strong capabilities to provide quality products and services in the thriving market, realize sustainable growth and improve profitability, thereby creating greater benefits for shareholders and society.

To highlight its intention to vigorously develop AI and Web3.0 businesses, the Group has proposed to change the Company's Chinese name to "圖靈人工智能科技集團有限公司" and English name to "Turing AI Technologies Group Limited".

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had total assets valued at RMB1,330.7 million, an increase of RMB38.00 million compared to RMB1,292.7 million as at 31 December 2023. Its total liabilities as at 30 June 2024 amounted to RMB175.0 million, an increase of RMB19.76 million compared to RMB155.2 million as at 31 December 2023. Its total equity as at 30 June 2024 was RMB1,155.7 million (31 December 2023: RMB1,137.5 million), and gearing ratio, calculated on the basis of total borrowings (including corporate bonds and amount due to a related company) to equity (including all capital and reserves), was 7.9% (31 December 2023: 8.3%). It had cash and cash equivalents amounted to RMB1,248.9 million as at 30 June 2024 (31 December 2023: RMB1,235.8 million).

## EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

The majority of the Group's business transactions and liabilities are denominated in Renminbi and Hong Kong dollars. The Group adopts conservative financial policies and the majority of its bank deposits are in Renminbi and Hong Kong dollars. As at 30 June 2024, it did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and take prudent measures as and when appropriate. As at 30 June 2024, the Group did not hold any derivatives for hedging against interest rate or foreign exchange risks.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any capital expenditure commitment related to acquisition of property, plant and equipment (31 December 2023: Nil). The Group provides product warranties for certain of its EP products and equipment sold to customers for a warranty period ranging from six months to two years after installation. At the same time, the Group is entitled to warranties from suppliers of those EP products and equipment. The Directors believe the amount of crystalized warranty liabilities would not be significant at the end of the reporting period.

## PLEDGE OF ASSETS

As at 30 June 2024, the Group's cryptocurrency worth approximately RMB23.72 million was used as a pledge for the Group's joint operation (31 December 2023: Nil).

## RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 30 June 2024, the Group had approximately 94 employees. It maintains employee salaries at competitive levels, which are reviewed annually taking into consideration relevant labor market conditions and economic situations. Directors' remuneration is determined based on a variety of factors such as market conditions and the specific responsibilities of the individual directors. In addition to providing the basic remuneration and statutory benefits required by law, the Group provides discretionary bonuses based on its results and the performance of individual employees. Total remuneration costs, including Directors' remuneration, for the six months ended 30 June 2024 was RMB9.88 million (six months ended 30 June 2023: RMB8.9 million). During the period under review, the Group organized professional and vocational training for employees. The Directors believe the Group has a good relationship with its employees.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2024.

## REVIEW BY AUDIT COMMITTEE

An audit committee comprising three Independent non-executive Directors has been established by the Company to review the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the interim results and report of the Group for the six months ended 30 June 2024.

## CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

In the opinion of the Directors, throughout the six months ended 30 June 2024, the Company has complied with the code provisions as set out in the CG Code, save for CG Code provisions C.2.1 and C.5.1.

### Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the Chairman and the Chief Executive Officer should be segregated and should not be performed by the same individual. Mr. Guo Jiannan, an Executive Director of the Company, has been appointed as the Chairman of the Board with effect from 27 November 2023. Upon appointment of Mr. Guo as Chairman, he assumes both the roles as the Chairman and the Chief Executive Officer of the Company in deviation from the aforesaid code provision. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

On 12 April 2024, Mr. Guo Jiannan resigned as Chief Executive Officer and the Company appointed Mr. Zhu Duke Li as Chief Executive Officer of the Company, upon the change of the Chief Executive Officer, the Company comply with code provision C.2.1 of the CG Code.

### At Least Four Regular Board Meetings a Year

Code provision C.5.1 stipulates that at least four regular meetings a year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. The Company will only hold two board meetings a year at second quarter and fourth quarter respectively as the Company does not announce its quarterly results and hence not consider the holding of quarterly meetings as necessary.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "Company's Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code throughout the period ended 30 June 2024.

The Company's Securities Dealing Code, no less exacting than the Model Code, for securities transactions also applies to all employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.paep.com.cn) and the interim report for the six months ended 30 June 2024 will be despatched to the shareholders (if appropriate) and published on the abovementioned websites in due course.

By Order of the Board
**Pan Asia Environmental Protection Group Limited**
**GUO Jiannan**
*Chairman*

Hong Kong, 28 August 2024

As at the date of this announcement, the Directors are:

*Executive Directors:*
Mr. GUO Jiannan
Mr. ZHU Duke Li
Ms. PAN Chang

*Independent non-executive Directors:*
Mr. CHEN Xuezheng
Mr. HU Jianjun
Mr. LEUNG Shu Sun, Sunny