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## **PALADIN LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 495)

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

The Board of Directors (the “Board”) of Paladin Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2020.

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

*For the six months ended 31 December 2020*

		<b>Six months ended 31 December</b>	
	<i>NOTE</i>	<b>2020</b>	2019
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	<i>3</i>	<b>8,393</b>	4,341
Cost of sales		<u><b>(2,900)</b></u>	<u>–</u>
<b>Gross profit</b>		<b>5,493</b>	4,341
Other income		<b>1,419</b>	476
Other gains and losses	<i>4</i>	<b>(11,997)</b>	(13,719)
Administrative and other operating expenses		<u><b>(40,725)</b></u>	<u>(36,621)</u>
<b>Loss from operations</b>		<b>(45,810)</b>	(45,523)
Finance costs	<i>5</i>	<b>(1,301)</b>	(2,347)
Gain on deemed disposal of an associate		–	3,772
Share of losses of an associate		<u>–</u>	<u>(2,714)</u>
<b>Loss before tax</b>		<b>(47,111)</b>	(46,812)
Income tax expense	<i>6</i>	<u>–</u>	<u>–</u>
<b>Loss for the period</b>	<i>7</i>	<u><b>(47,111)</b></u>	<u>(46,812)</u>

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
<i>NOTE</i>	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>3,431</b>	(612)
<b>Other comprehensive income for the period, net of tax</b>	<b>3,431</b>	(612)
<b>Total comprehensive income for the period</b>	<b>(43,680)</b>	(47,424)
<b>Loss for the period attributable to:</b>		
Owners of the Company	(42,869)	(44,075)
Non-controlling interests	(4,242)	(2,737)
	<b>(47,111)</b>	(46,812)
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(40,338)	(44,491)
Non-controlling interests	(3,342)	(2,933)
	<b>(43,680)</b>	(47,424)
<b>Loss per share</b>	<i>9</i>	
Basic ( <i>HK cents per share</i> )	<b>(3.04)</b>	(3.06)
Diluted ( <i>HK cents per share</i> )	<b>(3.18)</b>	(3.06)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>		
Investment properties	532,500	592,300
Property, plant and equipment	235,150	199,262
Right-of-use assets	1,471	2,521
Goodwill	2,179	2,179
Intangible assets	2,281	2,485
Interest in an associate	–	–
Financial assets at fair value through profit or loss (“FVTPL”)	51,675	50,917
<b>Total non-current assets</b>	<b>825,256</b>	<b>849,664</b>
<b>Current assets</b>		
Inventories	2,370	2,276
Trade and other receivables	10 5,836	4,940
Bank and cash balances	180,287	209,785
<b>Total current assets</b>	<b>188,493</b>	<b>217,001</b>
<b>Current liabilities</b>		
Trade and other payables	11 14,416	15,843
Due to related parties	30,113	34,638
Secured bank borrowings	99,995	101,290
Convertible notes	22,604	30,649
Other borrowings	1,272	582
Lease liabilities	656	1,366
<b>Total current liabilities</b>	<b>169,056</b>	<b>184,368</b>
<b>Net current assets</b>	<b>19,437</b>	<b>32,633</b>
<b>Total assets less current liabilities</b>	<b>844,693</b>	<b>882,297</b>

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>		
Other borrowings	<b>23,890</b>	17,014
Lease liabilities	<b>1,023</b>	1,367
Deferred tax liabilities	<b>671</b>	671
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<b>Total non-current liabilities</b>	<b>25,584</b>	19,052
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>819,109</b>	863,245
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<b>CAPITAL AND RESERVES</b>		
Share capital	<b>14,033</b>	14,290
Reserves	<b>821,327</b>	863,491
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Equity attributable to owners of the Company	<b>835,360</b>	877,781
Non-controlling interests	<b>(16,251)</b>	(14,536)
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<b>TOTAL EQUITY</b>	<b>819,109</b>	863,245
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2020*

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the 2020 annual consolidated financial statements. The accounting policies (including the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 June 2020.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2020. A number of new or amended standards are effective from 1 July 2020 but they do not have a material effect on the Group’s financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

The Group’s operations and main revenue streams are those described in the last annual consolidated financial statements. The Group’s revenue is derived from contracts with customers.

The Group has two operating segments as follows:

- Property investment: rental income from leasing out the properties; and
- Research and development: conducting research and development, software and hardware design for the manufacture and sale of a range of high technology products such as portable x-ray systems, advanced algorithm and software solutions, image sensors etc.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include certain other income, gain on deemed disposal of an associate, fair value changes of convertible notes and financial assets at FVTPL, share of losses of an associate, unallocated corporate expenses and unallocated finance costs.

	<b>Property investment <i>HK\$'000</i> (Unaudited)</b>	<b>Research and development <i>HK\$'000</i> (Unaudited)</b>	<b>Total <i>HK\$'000</i> (Unaudited)</b>
Six months 31 December 2020:			
Revenue from external customers	<u>3,255</u>	<u>5,138</u>	<u>8,393</u>
Segment loss	<u>(22,790)</u>	<u>(27,272)</u>	<u>(50,062)</u>
Unallocated expenses			<u>(6,630)</u>
Unallocated income			<u>9,581</u>
Consolidated loss before tax			<u>(47,111)</u>
	<b>Property investment <i>HK\$'000</i> (Unaudited)</b>	<b>Research and development <i>HK\$'000</i> (Unaudited)</b>	<b>Total <i>HK\$'000</i> (Unaudited)</b>
Six months 31 December 2019:			
Revenue from external customers	<u>4,341</u>	<u>–</u>	<u>4,341</u>
Segment loss	<u>(11,495)</u>	<u>(25,380)</u>	<u>(36,875)</u>
Unallocated expenses			<u>(13,755)</u>
Unallocated income			<u>3,818</u>
Consolidated loss before tax			<u>(46,812)</u>

Information about operating segment assets and liabilities is not provided to the Chief Executive Officer, being the chief operating decision maker, therefore, segment assets and liabilities are not presented.

Reconciliation of segment loss from operations:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Total loss of reportable segments	<b>(50,062)</b>	(36,875)
Share of losses of an associate	–	(2,714)
Unallocated amounts:		
Other income	778	46
Other gains and losses	<b>8,803</b>	(3,919)
Administrative and other operating expenses	<b>(6,609)</b>	(7,006)
Finance costs	<b>(21)</b>	(116)
Gain on deemed disposal of an associate	–	3,772
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Consolidated loss before tax	<b>(47,111)</b>	(46,812)
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**Geographical information:**

The Group's revenue from external customers by location of operations is detailed below:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>3,255</b>	4,341
Finland	<b>5,138</b>	–
	<hr/>	<hr/>
Consolidated total	<b>8,393</b>	4,341
	<hr/> <hr/>	<hr/> <hr/>

#### 4. OTHER GAINS AND LOSSES

	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fair value losses on investment properties	(20,800)	(9,800)
Fair value gains/(losses) on financial assets at FVTPL	758	(2,003)
Fair value gains/(losses) on convertible notes	8,045	(1,916)
	<u>(11,997)</u>	<u>(13,719)</u>

#### 5. FINANCE COSTS

	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	203	351
Interest on bank borrowings	1,031	1,933
Interest on other borrowings	67	42
Interest on bank overdrafts	–	21
	<u>1,301</u>	<u>2,347</u>

#### 6. INCOME TAX EXPENSE

No provision for income tax expense is required since the Group has no assessable profit for the six months ended 31 December 2020 (2019: Nil).

## 7. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting) the following:

	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	368	–
Bank interest income	(3)	(50)
Cost of inventories sold	2,900	–
Depreciation of property, plant and equipment	3,413	3,270
Depreciation of right-of-use assets	1,050	1,053
	<u>368</u>	<u>1,053</u>

## 8. DIVIDEND

No dividend was paid or proposed by the Group during the six months ended 31 December 2020 (2019: Nil), nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Loss</b>		
Loss for the purpose of calculating basic loss per share	(42,869)	(44,075)
Fair value gains on convertible notes	<u>(8,045)</u>	<u>–</u>
Loss for the purpose of calculating diluted loss per share	<u>(50,914)</u>	<u>(44,075)</u>

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic loss per share calculation	<b>1,408,349,723</b>	1,438,242,223
Effect of dilutive potential ordinary shares arising from convertible notes outstanding	<u><b>191,557,498</b></u>	<u>–</u>
Weighted average number of ordinary shares used in diluted loss per share calculation	<u><b>1,599,907,221</b></u>	<u>1,438,242,223</u>

For the six months ended 31 December 2019 and 2020, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has taken into account the ordinary shares repurchased from market during the period and cancelled in December 2019 and August 2020 respectively.

Dilutive loss per share for the six months ended 31 December 2020 did not assume the exercise of share options granted by the Company because there were no dilutive potential ordinary shares for the Company's share options.

As the conversion of the Company's outstanding convertible notes would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's share options, diluted loss per share was same as the basic loss per share for the six months ended 31 December 2019.

#### **10. TRADE AND OTHER RECEIVABLES**

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>2,454</b>	1,730
Other receivables	<b>1,343</b>	1,331
Deposits	<b>1,422</b>	1,496
Prepayments	<u><b>617</b></u>	<u>383</u>
	<u><b>5,836</b></u>	<u>4,940</u>

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 – 90 days	<b>2,106</b>	1,543
181 – 365 days	<b>348</b>	187
	<b>2,454</b>	1,730

#### 11. TRADE AND OTHER PAYABLES

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade payables	<b>860</b>	926
Accruals	<b>5,876</b>	6,774
Rental deposits received	<b>3,969</b>	3,943
Other payables	<b>3,711</b>	4,200
	<b>14,416</b>	15,843

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>31 December</b>	30 June
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0 – 90 days	<b>851</b>	926
91 – 180 days	<b>9</b>	–
	<b>860</b>	926

## **BUSINESS REVIEW AND PROSPECTS**

The principal activities of the Group are property investment and research and development of high technology system and applications.

### **Properties investment**

Rental income of the Group for the six months ended 31 December 2020 generated from its investment properties amounted to approximately HK\$3 million (2019: HK\$4 million).

The Group will continue to seek and explore investment opportunities to strength its investment portfolios.

### **Development of high technology products**

Due to COVID-19's effect and restrictions on the world economy, we have experienced some setbacks in our technology operations. However, we are still able to show progress during the period under review in the Group's development of the next generation technology for a number applications involving imaging, surveillance, navigation and advanced semi-conductor processing. The technology division of the Group now comprises six operations in five countries employing about 85 research and development engineers. To date, the Group working together with the Finnish Funding Agency for Technology and Innovation, have invested around HK\$140 million and further substantial investment is anticipated in the coming years. One of our technology division in Finland is beginning to generate revenue of approximately HK\$5 million in the current period but not as much as expected due to the setbacks from the COVID-19 pandemic. It is expected that sales of a number of technological products or systems developed by the Group will continue or will commence soon and we are aiming that by the calendar year 2026, our technology division will generate a revenue of US\$100 million.

The subsidiaries of the Company in our technology division are engaged in the following areas of technological development:

Pexray Oy – 81.2% held, based in Espoo, Finland is engaged in the development of portable x-ray imaging systems used in inspection devices for security and counter-intelligence applications in such areas on baggage scanning, border control and customs, the detection of explosive devices, forensic investigation and security at large scale sporting and other events. The total sales for the six months ended 31 December 2020 was approximately HK\$5 million. The major products are focusing on portable x-ray devices intended for security and non-destructive testing (NDT) applications as follows:

- Scanning panel product line for security applications:

The first sales of the product was in August 2019. Pexray Oy has released multiple enhancements to increase product quality and customer satisfaction

- Flat panel product for industrial NDT application:

The first sales of the product was in September 2020. Multiple accessories and SW features will be released during in second quarter of 2021

Dynim Oy – 70% held, based in Oulu, Finland is developing high dynamic range video cameras and artificial intelligences processors for machine vision applications in devices to improve driver situational awareness and security cameras. The major products are rugged stereo camera and camera for 3D sensing and surveillance.

- Rugged stereo camera is for heavy duty industrial applications. This camera has been in development for six months and it is based on state-of-art application processor from NXP Semiconductors. The camera will provide depth sensing capability through stereo vision. Further sensor fusion applications will be enabled utilizing embedded IMU and GNSS receiver. First customer article is scheduled for first quarter of 2021 for a customer in mining industry. First commercial release is in second quarter of 2021.
- Camera for 3D sensing and surveillance is based on same hardware platform and development investment made for Rugged stereo camera. 3D surveillance camera has additional LiDAR or ToF sensor to provide depth information in addition to single RGB camera. 3D surveillance camera will provide contextual awareness in many applications in traffic monitoring, transportation, residential, retail. Development project will start at first quarter of 2021 with first sample available in third quarter of 2021.

Navigs Oy – 75.2% held, based in Helsinki, Finland. Navigs Oy is engaged in the development of accurate positioning and image sensing technologies to be integrated into semi-automated agricultural vehicles and advanced driver assistance systems in agricultural vehicles to achieve autonomous precision farming, and for application in marine navigation systems. The major products are IPESSA Classic and IPESSA Tiny.

- IPESSA Classic is a stand-alone, self-contained positioning module for autonomous Agri- and other robotics, and based on sensor fusion of satellite and inertial positioning technologies. This product is in pilot production phase, and ready to ramp-up production. Next phase is marketing and sales promotion of the product.
- IPESSA Tiny is a low-cost positioning module for light, autonomous vehicles in precision farming, delivery robots, and drones and is based on dual satellite receiver and inertial sensing. Prototypes is expected to be completed in early 2021 and sampling will be ready in second quarter of 2021.

Skyin Technology Limited – 70% held, based in Shanghai, the PRC. This company is developing three-dimensional machine vision software for three dimensional industrial cameras, artificial intelligence industrial cameras and three-dimensional vision software. The major products are SE01, SE02 and SE03. All the products are fully compatible with different brands of Robots. Software package is easy to use and operate.

- SE01

It provides accurate and reliable 3D data from fast-moving objects on conveyors, which allows robot systems to locate parts in advanced picking applications and find the optimum gripping position. It can be applied for de-palletizing of pallets or trays at logistics centers, automated workstation for car and 3C and CNC machine loading. The sample was available in November 2020 and the first sales is expected in the second quarter of 2021.

- SE02

It provides accurate and reliable 3D data from stationary objects, which allows robot systems to locate parts in advanced picking applications and find the optimum gripping position. It can be applied for kitting and assembly, bin picking, goods sorting and mixed palletizing. The sample was available in November 2020 and the first sales is expected in the second quarter of 2021.

- SE03

It is a 3D device specially used for measurement and appearance inspection. It can be applied for package volume for dynamic measurement and inspection for battery and PCB etc. The sample will be available in April 2021 and the first sales is expected in the third quarter of 2021.

Next Level A.1. Solution, LLC – 100% held, based in California, the United States of America. Next Level is engaged in the development of ambient display solutions and advanced algorithm and software solutions for use, for example, in advanced driver assistance systems by identifying hazards in poor visibility, collision warning systems and driver awareness systems and for advanced traffic monitoring and control systems.

The main product line will be a visual navigational system with 2 cameras. The system includes both software and hardware solutions.

- Software: Visual Inertial Odometry

Next Level is currently developing algorithms using Nvidia Jetson SOM. OpenSource Algorithms has already been successfully developed and is currently rewriting, developing and optimizing new algorithms for more commercial viability. Verification and testing are scheduled for May 2021, and porting to new platform is expected to be completed in September 2021.

- Hardware: Camera System

A prototype/test camera has been developed and under evaluation. Version 2.0 of camera development is currently in planning stage and hardware prototype is expected to be available in August 2021. Production ready version scheduled is for December 2021.

Full complete combined packaged product is currently scheduled to be announced and commercially available in December 2021.

Imagica Technology Inc. – 65.76% held, based in Vancouver, Canada. This company is developing a series of linear image sensors for use in spectroscopy, document scanners and sensors used for a number of security applications. The major products are as follows:

- C576: Linear array image sensor for CIS (Contact Image sensor) applications

Wafers are processed in California. These devices are used in bill readers, document scanners and industrial imaging of web like materials. We currently have an operational form of the device but there is an additional revision to improve performance for certain customers. This will then become two products that serve different market segments. We will have proven and tested devices by the end of first quarter in 2021 with shipments to customers to follow soon after.

- A2K: Array video sensor for HD format (2K x 1080) at 60 Hz global shutter high performance wide dynamic range

Wafers are processed in Japan, China, and California U.S.A. These devices are used in security and machine vision applications and higher performance imaging areas. Process adaptation to Japanese foundry is mostly complete with verification of process steps to be finished in early 2021. First articles will be available in mid of second quarter in 2021 with first customer shipments starting soon after. This is a platform for subsequent improvements in processing and each SKU will be retained and sold at separate products. An example is that the first devices will be black and white and that will be followed by improvements in dark performance and then color filters and more to follow.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2020, net current assets of the Group were approximately HK\$19 million. The current ratio was 1.11. The bank and cash balances were approximately HK\$180 million.

As at 31 December 2020, the Group has outstanding liabilities of approximately HK\$194 million comprising (i) trade and other payables of approximately HK\$14 million, (ii) amounts due to related parties of approximately HK\$30 million, (iii) bank loans of approximately HK\$100 million and (iv) convertible notes of approximately HK\$23 million and (v) other borrowings and lease liabilities of approximately HK\$27 million. The bank borrowings are on floating interest rates basis.

The majority of the Group's assets and borrowings are denominated either in Hong Kong dollars or US dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of HK dollars and US dollars, the directors consider that the Group has no significant exposure to exchange fluctuation and does not hedge against foreign exchange risk.

The Group's bank borrowings were secured by leasehold land and buildings of approximately HK\$189 million and a deposit placed for a life insurance policy of approximately HK\$19 million.

The Group's gearing ratio as determined by total debt divided by total assets was approximately 19.20%.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

During the six months ended 31 December 2020, the Group had no material acquisitions and disposals of subsidiaries.

As at 31 December 2020, the Group had no material investment.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, the Group employed a total of 104 employees. They were remunerated according to market conditions.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have any significant contingent liability.

## **INTERIM DIVIDEND**

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 31 December 2020.

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

During the six months ended 31 December 2020, the Company repurchased 2,545,000 shares of its own ordinary shares through the Stock Exchange at a total consideration of approximately HK\$453,000. Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed shares.

## **AUDIT COMMITTEE**

The interim results for the six months ended 31 December 2020 has not been audited by the Group's auditor, but the Audit Committee has reviewed with management the accounting principles and practices adopted by the Company, and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 31 December 2020.

## **CORPORATE GOVERNANCE**

During the period, the Company had complied with the relevant provisions set out in the Corporate Governance Code (the "Code") based on the principles set out in Appendix 14 to the Listing Rules, save for the following:

- the non-executive directors and independent non-executive directors are not appointed for a specific term in accordance with code provision A.4.1 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the bye-laws of the Company.
- under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Certain independent non-executive directors of the Company were unable to attend the annual general meeting of the Company as they had other business commitment.
- under the Code provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. Dr. Oung Shih Hua, James is the Chairman of the Company and the Company currently does not appoint any new Chief Executive Officer. In the opinion of the Board, Dr. Oung temporarily acts as the role of the Chief Executive Officer. The Board considers that the present structure provides the Group with strong and consistent leadership and allows for efficient and effective business planning and execution.

- code provision A.5.6 requires that the nomination committee should have a policy concerning diversity of board members. The Company does not consider it necessary to have a policy concerning diversity of board members. Board appointments are based on merit, in the context of the skills, experience and expertise that the selected candidates will bring to the Board. While the Company is committed to equality of opportunity in all aspects of its business and endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives, the Company does not consider a formal board diversity policy will provide measurable benefits to enhance the effectiveness of the Board.

The Company will review the current bye-laws as and when it becomes appropriate in future.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is available for viewing on the website of the Stock Exchange and on the website of the Company at <http://www.aplushk.com/clients/00495paladin/>. The interim report of the Company will be despatched to the shareholders of the Company in due course.

By order of the Board  
**Paladin Limited**  
**Oung Shih Hua, James**  
*Chairman*

Hong Kong, 26 February 2021

As at the date of this announcement, the board of directors of Paladin Limited comprises:

Oung Shih Hua, James (*Executive director*)

Chan Chi Ho (*Non-executive director*)

Yuen Chi Wah (*Non-executive director*)

Luo Rongxuan (*Independent non-executive director*)

Liu Man Kin Dickson (*Independent non-executive director*)

Au Chik Lam Alexander (*Independent non-executive director*)