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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 2021**

FINANCIAL HIGHLIGHTS:

	Six months ended 30 June		Variance
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	
REVENUE	19,857	23,717	-16%
GROSS PROFIT	1,029	1,149	-10%
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	15,550	(12,237)	-227%
EARNINGS/(LOSS) PER SHARE (Expressed in RMB cents per share)			
Basic and diluted	1.85	(1.46)	-227%

RESULTS

The Board (the “Board”) of Directors (the “Directors”) of Pan Asia Environmental Protection Group Limited (the “Company”) 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 2021, together with the comparative figures for the corresponding period in 2020:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4(a)	19,857	23,717
Cost of sales		<u>(18,828)</u>	<u>(22,568)</u>
Gross profit		1,029	1,149
Other income		2,180	2,079
Other net gain/(loss)		21,750	(5,152)
Selling and distribution expenses		(266)	(315)
General and administrative expenses		(7,700)	(8,407)
Finance costs	5(a)	<u>(1,443)</u>	<u>(1,591)</u>
Profit/(loss) before taxation	5	15,550	(12,237)
Income tax	6	<u>–</u>	<u>–</u>
Profit/(loss) for the period attributable to owners of the Company		15,550	(12,237)
Other comprehensive income/(loss) for the period (after tax and reclassification adjustments)			
<i>Item that will not be reclassified to profit or loss:</i>			
– Exchange differences on translation of financial statements to presentation currency		<u>847</u>	<u>(1,318)</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company		<u>16,397</u>	<u>(13,555)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
EARNINGS/(LOSS) PER SHARE	7		
Basic and diluted		<u>1.85</u>	<u>(1.46)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	<i>Note</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,109	1,601
Right-of-use assets		<u>1,432</u>	<u>1,818</u>
		<u>2,541</u>	<u>3,419</u>
Current assets			
Trade and other receivables	10	5,727	41,825
Cash and bank balances		<u>1,219,098</u>	<u>1,219,778</u>
		<u>1,224,825</u>	<u>1,261,603</u>
Current liabilities			
Trade and other payables	11	43,978	96,010
Corporate bonds		44,119	43,321
Lease liabilities		745	734
Tax payable		<u>–</u>	<u>2,521</u>
		<u>88,842</u>	<u>142,586</u>
Net current assets		<u>1,135,983</u>	<u>1,119,017</u>
Total assets less current liabilities		<u>1,138,524</u>	<u>1,122,436</u>
Non-current liabilities			
Corporate bonds		2,322	2,242
Lease liabilities		<u>717</u>	<u>1,106</u>
		<u>3,039</u>	<u>3,348</u>
Net assets		<u>1,135,485</u>	<u>1,119,088</u>
Capital and reserves			
Share capital		78,073	78,073
Reserves		<u>1,057,412</u>	<u>1,041,015</u>
Total equity		<u>1,135,485</u>	<u>1,119,088</u>

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 Room 3702, 37/F, Tower One, Lippo Centre, No. 89 Queensway, Admiralty, 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 16 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the accounting policy changes that are expected to be reflected in the 2021 annual consolidated financial statements. Details of any changes in accounting policies are set out in note 3.

(b) Judgements and estimates

Preparation of the condensed consolidated financial statements requires the Directors 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.

In preparing these condensed consolidated financial statements, significant judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior accounting periods have been prepared or presented in the Group’s condensed consolidated financial statements. 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) 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:

Segment	Six months ended 30 June 2021		
	EP products and equipment <i>RMB'000</i> (Unaudited)	EP construction engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Sales of goods			
– Water treatment products and equipment	19,261	–	19,261
– Design services	–	596	596
Total	<u>19,261</u>	<u>596</u>	<u>19,857</u>
Timing of revenue recognition			
A point in time	<u>19,261</u>	<u>596</u>	<u>19,857</u>
Segment	Six months ended 30 June 2020		
	EP products and equipment <i>RMB'000</i> (Unaudited)	EP construction engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Sales of goods			
– Flue gas treatment products and equipment	23,717	–	23,717
– Design services	–	–	–
Total	<u>23,717</u>	<u>–</u>	<u>23,717</u>
Timing of revenue recognition			
A point in time	<u>23,717</u>	<u>–</u>	<u>23,717</u>

(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 2021 and 2020 is set out below:

	Six months ended 30 June (Unaudited)					
	EP products and equipment		EP construction engineering services		Total	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue from external customers	19,261	23,717	596	–	19,857	23,717
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>19,261</u>	<u>23,717</u>	<u>596</u>	<u>–</u>	<u>19,857</u>	<u>23,717</u>
Reportable segment profit/(loss) (adjusted EBITDA)	<u>22,675</u>	<u>(4,346)</u>	<u>29</u>	<u>–</u>	<u>22,704</u>	<u>(4,346)</u>
Depreciation	40	56	–	–	40	56
Net impairment loss (reversed)/ recognised on						
– trade receivables	(21,720)	3,230	–	–	(21,720)	3,230
– contract assets	(256)	222	–	–	(256)	222
– prepayments	–	1,700	–	–	–	1,700

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC (place of domicile)	<u>19,857</u>	<u>23,717</u>

5. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest expenses on corporate bonds	1,402	1,569
Interests on lease liabilities	41	22
	<u>1,443</u>	<u>1,591</u>

(b) Other items

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Bank interest income	(2,174)	(1,907)
Cost of inventories	18,264	22,568
Depreciation of		
– property, plant and equipment	270	389
– right-of-use assets	367	815
Net impairment loss (reversed)/recognised on		
– trade receivables [^]	(21,720)	3,230
– contract assets [^]	(256)	222
– prepayments [^]	–	1,700
Loss on disposal of property, plant and equipment [^]	226	–
Lease expenses related to leases of low-value assets and short-term leases	95	94
	<u>95</u>	<u>94</u>

[^] These items are included in other net gain/(loss) in the condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax		
– Provision for the period	–	–
	_____	_____
Income tax	–	–
	=====	=====

- (i) The Company and its subsidiaries incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (ii) 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 2021 and 2020. No provision for PRC Enterprise Income Tax has been provided as the Group did not generate any assessable profits in the PRC for both periods.
- (iii) 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 2021 and 2020.
- (iv) 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.

7. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings/(loss) per share	15,550	(12,237)
	=====	=====

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Number of shares		

Weighted average number of ordinary shares for the purposes of calculating basic earnings/(loss) per share	840,000,000	840,000,000
	=====	=====

Diluted earnings per share for the six months ended 30 June 2021 is equal to basic earnings per share as the exercise prices of the Company's outstanding share options were higher than the average market prices of the Company's ordinary shares during the period.

Diluted loss per share for the six months ended 30 June 2020 is the same as the basic loss per share because the exercise of the Company's outstanding share options would have anti-dilutive effect.

8. DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with a total cost of approximately RMB5,000 (six months ended 30 June 2020: Nil).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade receivables	2,194	58,201
Less: Impairment loss on trade receivables	(219)	(21,939)
	<u>1,975</u>	<u>36,262</u>
Other receivables	24	108
Contract assets	3,477	5,137
Prepayments and deposits	217	284
Other tax recoverable	34	34
	<u>5,727</u>	<u>41,825</u>

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 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Less than six months	1,975	2,036
Over six months but less than one year	–	22,412
Over one year but less than two years	–	11,814
	<u>1,975</u>	<u>36,262</u>

11. TRADE AND OTHER PAYABLES

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

	At 30 June 2021 <i>RMB'000</i> (Unaudited)	At 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables		
Less than six months	3,017	16,647
Over six months but less than one year	–	16,013
Over one year but less than two years	–	14,357
Over two years	988	988
	<u>4,005</u>	<u>48,005</u>
Accruals and other payables	10,802	14,423
Amount due to a related company (<i>Note</i>)	29,171	24,503
Financial liabilities measured at amortised cost	43,978	86,931
Other PRC tax payable	–	9,079
	<u>43,978</u>	<u>96,010</u>

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

12. EVENTS AFTER THE REPORTING PERIOD

Proposed acquisition of 99.99% of the issued share capital in Mayee International Holdings Limited (“Mayee International”)

On 7 November 2018 and 30 January 2019, the Company entered into a sale and purchase agreement, and a supplemental sale and purchase agreement (the “Acquisition Agreement”), respectively, with an independent third party, Zhongying International Limited (“Zhongying”), pursuant to which the Company has conditionally agreed to acquire, and Zhongying has conditionally agreed to sell 99.99% of the issued share capital of Mayee International at a total consideration of approximately HK\$1,253,220,000. The total consideration will be settled by the Company through payment of cash amounting to approximately HK\$1,013,220,000 and issuance of convertible bonds with a principal amount of HK\$240,000,000. Mayee International and its subsidiaries are principally engaged in property management and leasing of shops in a shopping mall located in Kunming, Yunnan, the PRC. This proposed acquisition constitutes a very substantial acquisition under Chapter 14 of the Listing Rules and is therefore subject to the shareholders’ approval at an extraordinary general meeting of the Company.

On 28 June 2019, the Company and Zhongying entered into the second supplemental agreement to extend the date for fulfillment of the conditions precedent set out in the Acquisition Agreement to 27 June 2020.

On 31 August 2020, the Company and Zhongying entered into the third supplemental agreement to extend the date for fulfillment of the conditions precedent set out in the Acquisition Agreement to 30 September 2021.

On 31 March 2021, the Company and Zhongying entered into the fourth supplemental agreement to extend the date for fulfillment of the conditions precedent set out in the Acquisition Agreement to 30 September 2022, please refer to the Company’s announcement dated on even date for details.

Further details of this proposed acquisition are set out in the Company’s announcements dated 5 December 2018, 30 January 2019, 29 April 2019, 28 June 2019, 30 September 2019, 29 November 2019, 28 February 2020, 31 August 2020 and 31 March 2021 respectively.

Up to the date of this announcement, the conditions precedent in the Acquisition Agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

During the first half of 2021, the novel coronavirus disease (“COVID-19”) pandemic continued to sweep around the world, bringing uncertainties to the global economy. While the PRC effectively controlled the spread and resurgence of the pandemic, it strived to keep up its economic growth after leading the region’s rebound during the period and continued to promote post-pandemic “green recovery” measures in favour of sustainable development. The country vowed to bring carbon emissions to a peak before 2030 and become carbon-neutral before 2060.

In pursuit of the 2060 carbon neutrality, the PRC has linked the goal of cutting carbon emission with its 14th Five-Year Plan (“FYP”) and the Long Range Objectives through 2035. Key ministries have taken the lead in setting direction for policy implementation; for example, the Ministry of Ecology and Environment set targets for nationwide greenhouse gas emission controls and a national carbon emissions trading scheme was set up to facilitate decarbonization of its economy. Major cities have all included emissions peaks in their proposed five-year plans, which will align with the overarching national blueprint guiding policy through 2025. These developments not only represent official support to the national strategic priority, but also provide market prospects with strong potentials for the EP industry.

Financial Review

In the first half of 2021, EP products and equipment of the Company remained the core segment of the Group, with its sales of water treatment products and equipment generating RMB19.3 million to the Group. Total revenue from operations amounted to RMB19.9 million (six months ended 30 June 2020: RMB23.7 million). The gross profit decreased by 10.0% to RMB1.0 million but gross profit margin increased to 5.2% (six months ended 30 June 2020: 4.8%). The Group achieved a net profit of RMB15.6 million, turning around from the net loss of RMB12.2 million in the last period. The improvement was mainly attributable to net impairment loss reversed on trade receivables and contracts assets. The basic earnings per share was RMB1.85 cents.

Interim Dividend

The Board did not recommend payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil) and the capital will be reserved for supporting development of the Group’s business operations.

Business Review

The Group is principally engaged in the provision of EP construction engineering solutions and services, and the development, manufacturing and sales of EP products and equipment. During the period, the sales of EP products and equipment remained the major income contributor to the Group and a revenue of approximately RMB19.3 million, representing about 97.0% of the Group's total revenue was recognized based on completion of one water treatment products and equipment project. EP construction engineering design services generated a revenue of approximately RMB0.6 million, accounting for about 3.0% of the Group's total revenue.

Prospects

The Group believes that the EP industry has potential growth during the FYP period, given the requirement for the development of an eco-friendly and low-carbon circular economic regime and ongoing improvements in the industrial policy directives. In order to ensure steady business growth and expand revenue sources, the Group will continue to explore market opportunities and diversify its business portfolio so as to consolidate its market position. The Group will also tap into different profitable industries, and strive to expand through acquisitions of potential business. The Group aims to become a highly valuable enterprise, making contributions to the environment and the society, and maximising the return for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, total assets of the Group amounted to RMB1,227.4 million, which were comparable to RMB1,265.0 million as at 31 December 2020. The Group's total liabilities as at 30 June 2021 amounted to RMB91.9 million, representing a decrease of RMB54.0 million compared to RMB145.9 million as at 31 December 2020. The main reason for the decrease in total liabilities was due to reduced trade and other payables. The Group's total equity as at 30 June 2021 was RMB1,135.5 million (31 December 2020: RMB1,119.1 million). As at 30 June 2021, the Group's gearing ratio calculated on the basis of the total borrowings over total equity was 4.1% (31 December 2020: 4.1%). The Group's cash and cash equivalents amounted to RMB1,219.1 million as at 30 June 2021 (31 December 2020: RMB1,219.8 million).

EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

Most of the business transactions and liabilities of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopted a conservative financial policy and the majority of its bank deposits are in Renminbi and Hong Kong dollars. As at 30 June 2021, the Group 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 continues to monitor the Group's foreign exchange exposure and will take prudent measures as and when appropriate. As at 30 June 2021, the Group did not hold any derivatives for hedging against neither the interest rate nor foreign exchange risks.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any capital expenditure commitment in respect of the acquisition of property, plant and equipment (31 December 2020: Nil). The Group has provided product warranties to its customers in respect of certain of its EP products and equipment sold for a warranty period ranging from six months to two years after installation. At the same time, the Group has also received product warranties in respect of those EP products and equipment supplied from its suppliers. The Directors believe that the amount of crystallised warranty liabilities will not be significant at the end of the reporting period.

PLEDGE OF ASSETS

As at 30 June 2021 and 31 December 2020, the Group had no pledge of assets.

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 30 June 2021, the Group had approximately 87 employees. Salaries of employees were maintained at competitive levels and are reviewed annually, with close reference to the relevant labour markets and economic situations. Remuneration of the Directors is determined based on a variety of factors such as market conditions and the specific responsibilities shouldered by the individual directors. Apart from providing the basic remuneration and statutory benefits as required by the law, the Group also provides discretionary bonuses based on its results and the performance of the individual employees. The Group also has an employee share option scheme in operation. The total remuneration cost, including Directors' remuneration, for the six months ended 30 June 2021 was RMB6.4 million (six months ended 30 June 2020: RMB5.9 million). During the period under review, the Group has organised professional and vocational training for its employees. The Directors believe that the Group has an admirable relationship with its employees.

In addition, the Group understands that in order to achieve its long-term goals, it is important to maintain good relationships with business partners, shareholders, investors and bankers. An investor relations scheme has been formulated to foster close relationships with its shareholders and investors. Specifically designed activities are held from time to time in order to achieve optimal results.

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 2021.

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 2021.

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 14 to the Listing Rules.

In the opinion of the Directors, throughout the six months ended 30 June 2021, the Company has complied with the code provisions as set out in the CG Code, save for CG Code provisions A.2.1 and E.1.2.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman and Chief Executive Officer of the Company are held by Mr. Jiang Xin since 15 September 2017. The Board believes that Mr. Jiang Xin has the requisite experience and knowledge and that vesting in both roles would maintain efficient business operation which is in the best interest of the Group.

The Chairman of the Board Should Attend the Annual General Meeting

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Jiang Xin, the Chairman of the Board was unable to attend the annual general meeting held on 3 June 2021 due to a business trip. Mr. Jiang Xin will use his best endeavours to attend all future shareholders' meetings of 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 2021 will be despatched to the shareholders and published on the abovementioned websites in due course.

By Order of the Board
Pan Asia Environmental Protection Group Limited
JIANG Xin
Chairman

Hong Kong, 30 August 2021

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

Executive Director:

Mr. JIANG Xin

Non-executive Director:

Mr. FAN Yajun

Independent non-executive Directors:

Mr. CHEN Xuezheng

Mr. LEUNG Shu Sun, Sunny

Mr. HU Jianjun