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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 2022**

FINANCIAL HIGHLIGHTS:

	Six months ended 30 June		Variance
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
REVENUE	59,960	19,857	202%
GROSS PROFIT	7,466	1,029	626%
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(2,107)	15,550	-114%
(LOSS)/EARNINGS PER SHARE (Expressed in RMB cents per share)			
Basic and diluted	(0.25)	1.85	-114%

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 2022, together with the comparative figures for the corresponding period in 2021:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4(a)	59,960	19,857
Cost of sales		<u>(52,494)</u>	<u>(18,828)</u>
Gross profit		7,466	1,029
Other income		2,247	2,180
Other net (loss)/gain		(2,122)	21,750
Selling and distribution expenses		(465)	(266)
General and administrative expenses		(7,808)	(7,700)
Finance costs	5(a)	<u>(1,425)</u>	<u>(1,443)</u>
(Loss)/profit before taxation	5	(2,107)	15,550
Income tax	6	<u>–</u>	<u>–</u>
(Loss)/profit for the period attributable to owners of the Company		(2,107)	15,550
Other comprehensive (loss)/income 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>(3,881)</u>	<u>847</u>
Total comprehensive (loss)/income for the period attributable to owners of the Company		<u>(5,988)</u>	<u>16,397</u>
		<i>RMB cents</i>	<i>RMB cents</i>
(LOSS)/EARNINGS PER SHARE	7		
Basic and diluted		<u>(0.25)</u>	<u>1.85</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<i>Note</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	442	493
Right-of-use assets		<u>720</u>	<u>1,048</u>
		<u>1,162</u>	<u>1,541</u>
Current assets			
Trade and other receivables	10	46,754	6,456
Cash and bank balances		<u>1,199,105</u>	<u>1,222,063</u>
		<u>1,245,859</u>	<u>1,228,519</u>
Current liabilities			
Trade and other payables	11	74,900	55,084
Corporate bonds		27,503	25,522
Lease liabilities		<u>737</u>	<u>751</u>
		<u>103,140</u>	<u>81,357</u>
Net current assets		<u>1,142,719</u>	<u>1,147,162</u>
Total assets less current liabilities		<u>1,143,881</u>	<u>1,148,703</u>
Non-current liabilities			
Corporate bonds		20,252	18,762
Lease liabilities		<u>-</u>	<u>324</u>
		<u>20,252</u>	<u>19,086</u>
Net assets		<u><u>1,123,629</u></u>	<u><u>1,129,617</u></u>
Capital and reserves			
Share capital		78,073	78,073
Reserves		<u>1,045,556</u>	<u>1,051,544</u>
Total equity		<u><u>1,123,629</u></u>	<u><u>1,129,617</u></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 2022 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021.

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 2022		
	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	59,960	–	59,960
	<u>59,960</u>	<u>–</u>	<u>59,960</u>
Timing of revenue recognition			
A point in time	59,960	–	59,960
	<u>59,960</u>	<u>–</u>	<u>59,960</u>
	Six months ended 30 June 2021		
Segment	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
	<u>19,261</u>	<u>596</u>	<u>19,857</u>
Timing of revenue recognition			
A point in time	19,261	596	19,857
	<u>19,261</u>	<u>596</u>	<u>19,857</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 2022 and 2021 is set out below:

	Six months ended 30 June (Unaudited)					
	EP products and equipment		EP construction engineering services		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue from external customers	59,960	19,261	-	596	59,960	19,857
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	<u>59,960</u>	<u>19,261</u>	<u>-</u>	<u>596</u>	<u>59,960</u>	<u>19,857</u>
Reportable segment profit (adjusted EBITDA)	<u>4,822</u>	<u>22,675</u>	<u>-</u>	<u>29</u>	<u>4,822</u>	<u>22,704</u>
Depreciation	57	40	-	-	57	40
Net impairment loss recognised/ (reversed) on						
- trade receivables	2,170	(21,720)	-	-	2,170	(21,720)
- contract assets	(48)	(256)	-	-	(48)	(256)

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC (place of domicile)	<u>59,960</u>	<u>19,857</u>

5. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest expenses on corporate bonds	1,403	1,402
Interests on lease liabilities	22	41
	<u>1,425</u>	<u>1,443</u>

(b) Other items

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Bank interest income	(2,161)	(2,174)
Cost of inventories	52,494	18,264
Depreciation of		
– property, plant and equipment	84	270
– right-of-use assets	367	367
Net impairment loss recognised/(reversed) on		
– trade receivables [^]	2,170	(21,720)
– contract assets [^]	(48)	(256)
Loss on disposal of property, plant and equipment [^]	–	226
Lease expenses related to leases of low-value assets and short-term leases	95	95
	<u>95</u>	<u>95</u>

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

6. INCOME TAX

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.

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 2022 and 2021. 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.

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 2022 and 2021.

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. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted (loss)/earnings per share	(2,107)	15,550
	840,000,000	840,000,000

Diluted loss per share for the six months ended 30 June 2022 is the same as the basic loss per share because the exercise of the Company's outstanding share options would have anti-dilutive effect.

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.

8. DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with a total cost of approximately RMB29,000 (six months ended 30 June 2021: RMB5,000).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade receivables	40,614	2,612
Less: Impairment loss on trade receivables	<u>(2,319)</u>	<u>(149)</u>
	<u>38,295</u>	<u>2,463</u>
Contract assets	8,216	3,766
Prepayments and deposits	232	216
Other tax recoverable	<u>11</u>	<u>11</u>
	<u><u>46,754</u></u>	<u><u>6,456</u></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 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Less than six months	<u><u>38,295</u></u>	<u><u>2,463</u></u>

11. TRADE AND OTHER PAYABLES

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

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables		
Less than six months	13,278	4,798
Over six months but less than one year	4,798	2,052
Over one year but less than two years	2,052	–
Over two years	988	988
	<hr/> 21,116	<hr/> 7,838
Accruals and other payables	12,096	12,236
Amount due to a related company (<i>Note</i>)	41,688	35,010
	<hr/> 74,900	<hr/> 55,084
	<hr/> <hr/>	<hr/> <hr/>

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.

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 2022, the outbreak of a new strain of coronavirus, geopolitical crisis, and the soaring inflation introduced uncertainties to the global economy. In PRC, the resurgence of COVID-19 cases coupled with “static management” imposed in cities including Shanghai made the business conditions throughout the country more challenging. The country’s gross domestic product in the second quarter fell by 2.6% from the previous quarter, marking the first quarterly contraction since the height of the pandemic in early 2020.

Stepping into 2022, the second year of the 14th Five-Year Plan (“FYP”) period, the central government issued a number of environmental-related plans, including the “Comprehensive Work Plan for Energy Conservation and Emission Reduction for the FYP Period” (《「十四五」節能減排綜合工作方案》) and the “Implementation Plan for Synergistic Effect of Pollution and Carbon Reduction” (《減污降碳協同增效實施方案》), aiming to accelerate the establishment of an economic system with green, low-carbon, and circular development. Besides, as highlighted in the 2022 “Government Work Report” (《政府工作報告》), continuously improving the ecological environment, promoting green and low-carbon development, and achieving peak carbon emissions and carbon neutrality are the key tasks of the government in 2022. With central authorities’ high degree of support for ecological civilisation, PRC EP industry is expected to grow steadily going forward.

Financial Review

In the first half of 2022, the Group generated total revenue of RMB60.0 million (six months ended 30 June 2021: RMB19.9 million), up by 202.0% from the same period in 2021. The gross profit increased significantly by 625.6% to RMB7.5 million (six months ended 30 June 2021: RMB1.0 million), with the gross profit margin improving to 12.5% (six months ended 30 June 2021: 5.2%). The improvement was mainly attributable to the efforts made by the Group to expand business and ensure smooth operation amid the pandemic. The Group recorded a net loss of RMB2.1 million (six months ended 30 June 2021: net profit of RMB15.6 million) was principally attributable to the net impairment loss recognised on trade and other receivables of approximately RMB2.1 million. The basic and diluted loss per share was RMB0.25 cents.

Interim Dividend

The Board did not recommend payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil) as the capital will be reserved for the development of the Group’s business operations.

Business Review

The Group is principally engaged in the development, manufacture and sale of EP products and equipment, and the provision of EP construction engineering solutions and services. During the reporting period, the segment of EP products and equipment recorded a revenue of approximately RMB60.0 million (six months ended 30 June 2021: RMB19.3 million), accounting for 100% of the Group's total revenue (six months ended 30 June 2021: 97.0%), and remained as the Group's largest revenue contributor. The Group completed 3 water treatment-related projects. Meanwhile, no revenue generated from EP construction engineering design services (six months ended 30 June 2021: RMB0.6 million).

Prospects

Looking ahead, the Group will continue to strengthen the development of its current business in order to capture the opportunities arising from the development of an eco-friendly and low-carbon circular economic regime and ongoing improvements in the policy directives. The Group will also explore new market opportunities and diversifying its business portfolio, hoping to broaden its income streams and maintain steady and healthy business growth. The Group will prudently expand through potential business acquisitions and tap into other industries with high growth potential and good prospects. The Group is committed to becoming a highly valuable enterprise, maximizing the returns for its shareholders and making positive contributions to the environment and society.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, total assets of the Group amounted to RMB1,247.0 million, which were comparable to RMB1,230.1 million as at 31 December 2021. The Group's total liabilities as at 30 June 2022 amounted to RMB123.4 million, representing an increase of RMB23.0 million compared to RMB100.4 million as at 31 December 2021. The Group's total equity as at 30 June 2022 was RMB1,123.6 million (31 December 2021: RMB1,129.6 million). The gearing ratio, calculated on the basis of the total borrowings (including corporate bonds and amount due to a related company) to equity (including all capital and reserves), was 8.0% (31 December 2021: 7.0%). The Group's cash and cash equivalents amounted to RMB1,199.1 million as at 30 June 2022 (31 December 2021: RMB1,222.1 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 adopted a conservative financial policy and the majority of its bank deposits are in Renminbi and Hong Kong dollars. As at 30 June 2022, 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 2022, 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 2022, the Group did not have any capital expenditure commitment in respect of the acquisition of property, plant and equipment (31 December 2021: 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 2022 and 31 December 2021, the Group had no pledge of assets.

RELATIONSHIP WITH EMPLOYEES

As at 30 June 2022, the Group had approximately 85 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 2022 was RMB6.3 million (six months ended 30 June 2021: RMB6.4 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.

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 2022.

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 2022.

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 2022, the Company has complied with the code provisions as set out in the CG Code, save for CG Code provisions C.2.1, C.5.1 and F.2.2.

Chairman and Chief Executive Officer

Code provision C.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.

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.

The Chairman of the Board Should Attend the Annual General Meeting

Code provision F.2.2 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 10 June 2022 due to a business trip. Mr. Jiang Xin will use his best endeavours to attend all future shareholders' meetings of the Company.

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 10 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 2022.

The Company's Securities Dealing Code, no less exacting than the Model Code, for securities transactions also applies to all employees who are likely to be in possession of unpublished price sensitive information of the Company. No incident of noncompliance 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 2022 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 2022

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