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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 2022**

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 2022.

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

*For the six months ended 31 December 2022*

		<b>Six months ended 31 December</b>	
	<i>Note</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	<i>3</i>	<b>7,954</b>	12,231
Cost of sales		<u><b>(2,581)</b></u>	<u>(4,937)</u>
<b>Gross profit</b>		<b>5,373</b>	7,294
Other income		<b>712</b>	380
Other gains and losses	<i>4</i>	<b>3,393</b>	(23,267)
Administrative and other operating expenses		<u><b>(27,684)</b></u>	<u>(37,430)</u>
<b>Loss from operations</b>		<b>(18,206)</b>	(53,023)
Finance costs	<i>5</i>	<u><b>(1,845)</b></u>	<u>(1,057)</u>
<b>Loss before tax</b>		<b>(20,051)</b>	(54,080)
Income tax expense	<i>6</i>	<u><b>–</b></u>	<u>–</u>
<b>Loss for the period</b>	<i>7</i>	<u><b>(20,051)</b></u>	<u>(54,080)</u>

	<b>Six months ended</b>	
	<b>31 December</b>	
<i>Note</i>	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(421)</u>	<u>342</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(421)</u>	<u>342</u>
<b>Total comprehensive income for the period</b>	<u><b>(20,472)</b></u>	<u><b>(53,738)</b></u>
<b>Loss for the period attributable to:</b>		
Owners of the Company	(17,429)	(50,430)
Non-controlling interests	<u>(2,622)</u>	<u>(3,650)</u>
	<u><b>(20,051)</b></u>	<u><b>(54,080)</b></u>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(17,664)	(50,182)
Non-controlling interests	<u>(2,808)</u>	<u>(3,556)</u>
	<u><b>(20,472)</b></u>	<u><b>(53,738)</b></u>
<b>Loss per share</b>	<b>9</b>	
Basic ( <i>HK cents per share</i> )	<u><b>(1.24)</b></u>	<u><b>(3.60)</b></u>
Diluted ( <i>HK cents per share</i> )	<u><b>(1.24)</b></u>	<u><b>(3.60)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		31 December 2022	30 June 2022
	<i>Note</i>	<b>HK\$'000</b> (Unaudited)	<b>HK\$'000</b> (Audited)
<b>Non-current assets</b>			
Investment properties		524,200	527,400
Property, plant and equipment		220,507	224,047
Right-of-use assets		165	496
Financial assets at fair value through profit or loss (“FVTPL”)		35,364	34,709
<b>Total non-current assets</b>		<b>780,236</b>	<b>786,652</b>
<b>Current assets</b>			
Inventories		4,593	4,725
Trade and other receivables	10	6,201	5,666
Bank and cash balances		64,806	86,673
<b>Total current assets</b>		<b>75,600</b>	<b>97,064</b>
<b>Current liabilities</b>			
Trade and other payables	11	13,732	13,451
Contract liabilities		82	52
Due to related parties		19,127	19,849
Secured bank borrowings		82,190	83,230
Convertible notes		17,049	22,987
Other borrowings		7,993	4,982
Lease liabilities		227	651
Current tax liabilities		92	92
<b>Total current liabilities</b>		<b>140,492</b>	<b>145,294</b>
<b>Net current liabilities</b>		<b>(64,892)</b>	<b>(48,230)</b>
<b>Total assets less current liabilities</b>		<b>715,344</b>	<b>738,422</b>

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>		
Other borrowings	<u>14,371</u>	<u>16,977</u>
<b>NET ASSETS</b>	<b><u>700,973</u></b>	<b><u>721,445</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	14,014	14,014
Reserves	<u>716,470</u>	<u>735,063</u>
Equity attributable to owners of the Company	<b>730,484</b>	749,077
Non-controlling interests	<u>(29,511)</u>	<u>(27,632)</u>
<b>TOTAL EQUITY</b>	<b><u>700,973</u></b>	<b><u>721,445</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2022*

## 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 2022 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and 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 2022.

The Group incurred a loss of approximately HK\$20,051,000 during the six months ended 31 December 2022 and, as of that date, the Group had net current liabilities of approximately HK\$64,892,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

- (i) The mortgage loans of approximately HK\$82,190,000 with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates and the banks will not exercise their discretionary rights to demand immediate repayment; and
- (ii) The Group has been implementing various strategies to enhance the Group’s revenue and profitability.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2022. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2022 but they do not have a material effect on the Group's condensed consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim 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, certain other gains and losses and unallocated corporate expenses.

	<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 ended 31 December 2022:			
Revenue from external customers	<u>3,690</u>	<u>4,264</u>	<u>7,954</u>
Segment loss	<u>(5,798)</u>	<u>(15,396)</u>	(21,194)
Unallocated expenses			(5,600)
Unallocated income			<u>6,743</u>
Consolidated loss before tax			<u>(20,051)</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 ended 31 December 2021:			
Revenue from external customers	<u>4,341</u>	<u>7,890</u>	<u>12,231</u>
Segment loss	<u>(24,361)</u>	<u>(21,893)</u>	(46,254)
Unallocated expenses			(8,129)
Unallocated income			<u>303</u>
Consolidated loss before tax			<u>(54,080)</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>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Total loss of reportable segments	<b>(21,194)</b>	(46,254)
Unallocated amounts:		
Other income	<b>150</b>	21
Other gains and losses	<b>6,593</b>	282
Administrative and other operating expenses	<b>(5,600)</b>	(8,129)
	<u><b>(20,051)</b></u>	<u>(54,080)</u>
Consolidated loss before tax	<u><b>(20,051)</b></u>	<u>(54,080)</u>

**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>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>3,690</b>	4,341
Finland	<b>4,227</b>	7,890
Others	<b>37</b>	–
	<u><b>7,954</b></u>	<u>12,231</u>
Consolidated total	<u><b>7,954</b></u>	<u>12,231</u>

#### 4. OTHER GAINS AND LOSSES

	Six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fair value losses on investment properties	(3,200)	(23,500)
Fair value gains on financial assets at FVTPL	655	282
Fair value gains on convertible notes	5,938	–
Loss on disposal of property, plant and equipment	–	(49)
	<u>3,393</u>	<u>(23,267)</u>

#### 5. FINANCE COSTS

	Six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expense on lease liabilities	47	121
Interest on bank borrowings	1,705	849
Interest on other borrowings	87	75
Interest on bank overdrafts	6	12
	<u>1,845</u>	<u>1,057</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 2022 (2021: 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	(25)	(1)
Cost of inventories sold	2,581	4,937
Depreciation of property, plant and equipment	3,896	3,711
Depreciation of right-of-use assets	330	328
	<u>330</u>	<u>328</u>

## 8. DIVIDEND

No dividend was paid or proposed by the Group during the six months ended 31 December 2022 (2021: Nil), nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

### Basic loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$17,429,000 (six months ended 31 December 2021: HK\$50,430,000) and the weighted average number of ordinary shares of approximately 1,401,437,549 (six months ended 31 December 2021: 1,402,050,592).

For the six months ended 31 December 2021, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has taken into account the ordinary shares cancelled in August 2021.

### Diluted loss per share

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 2022 and 2021.

## 10. TRADE AND OTHER RECEIVABLES

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	1,857	1,621
Other receivables	2,444	2,231
Deposits	1,076	1,137
Prepayments	824	677
	<u>6,201</u>	<u>5,666</u>

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

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0-90 days	1,769	1,436
91-180 days	88	185
	<u>1,857</u>	<u>1,621</u>

## 11. TRADE AND OTHER PAYABLES

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade payables	560	609
Accruals	5,518	6,614
Rental deposits received	3,969	3,969
Other payables	3,685	2,259
	<u>13,732</u>	<u>13,451</u>

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

	<b>31 December</b>	30 June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0-90 days	<b><u>560</u></b>	<u>609</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **BUSINESS REVIEW AND PROSPECTS**

The Group's turnover decreased by approximately 35% to approximately HK\$8 million for the six months ended 31 December 2022 compared to the same period last year, and recorded a loss of approximately HK\$20 million as compared to a loss of approximately HK\$54 million for the corresponding period in 2021.

#### **Properties investment**

Rental income of the Group for the six months ended 31 December 2022 generated from its investment properties amounted to approximately HK\$4 million (2021: HK\$4 million).

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

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

As the world opens up after years of COVID-19's restrictions, we are optimistic things will return to normal soon. We are also mindful of inflationary and possible recessionary effect on our businesses as we continue to watch the economy unfolds around different regions in the world. The chips and technology sanctions enacted last year certainly doesn't help with our business outlook, however, we continued to move forward and make progress during the period under review in the Group's development of next generation technology for a number of applications involving imaging, surveillance, navigation and advanced semi-conductor processing. The technology division of the Group now comprises five operations in four countries employing about 40 research and development engineers. To date, the Group working together with the Finnish Funding Agency for Technology and Innovation, have invested around HK\$146 million and further substantial investment is anticipated in the coming years. It is expected that as we mature, the 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 2027, our technology division will generate a revenue of US\$48 million. We are encouraged that governments around the world are encouraging and supporting technological innovations and we are hopeful for a semi-conductor boom in the coming years.

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

Pexray Oy – a non-wholly owned subsidiary, based in Espoo, Finland is engaged in the development of portable x-ray inspection devices for security and industrial applications. Security business area consists of security and counterintelligence 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. Industrial business area focuses on non-destructive testing (NDT) of critical structures, typical applications being power plants, oil and gas industry and aerospace.

The total sales for the six months ended 31 December 2022 was approximately HK\$4 million.

The major products are focusing on portable x-ray devices intended for security and 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.

In fiscal year 2021/2022 majority of sales was made with these products.

- Flat panel product for industrial NDT application:

The first sales of the product was in September 2020. Multiple accessories and SW features have been released through 2021-2022 to support products and to meet customer demand.

Pexray Oy released a novel battery operated, portable X-ray source in 2022. First shipments were made in April 2022. The new generator is a complimentary product for both Security and NDT markets. The generator can also be sold as a stand-alone product in NDT market. We expect this to support our sales in fiscal year 2022-2023.

Navigs Oy – a non-wholly owned subsidiary, based in Espoo, 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 Tiny, IPESSA Nano, IPESSA Yaw Bar and IPESSA RTK-VINS.

- IPESSA Tiny is a low-cost positioning device for many typical autonomous vehicles in such applications as precision farming and delivery robots. Tiny is based on dual-antenna satellite receiver and inertial sensing. Prototypes were completed in early 2021. Piloting with chosen customers was delayed due to global chip shortages, but was completed during the first half of 2022 in Finland, in Europe and Turkey. Sales quantities were smaller than initially estimated during 2022. The volume production is estimated to start during 2023.
- IPESSA Nano is a compact positioning module for applications, such as drones and small AGVs. where size and weight are key criteria. It is based on a dual-antenna satellite receiver and inertial measurement unit. Otherwise, IPESSA Nano is a compromised solution with less features than IPESSA Tiny. IPESSA Nano prototype hardware and mechanics were produced late 2021, but due to lack of engineering resources the software development was delayed. Prototypes were nearly finished late 2022, but due to component shortages some communication interface functionalities were not finalized yet. Volume production is estimated to start during the second half of 2023.
- IPESSA Yaw Bar is a high-performance positioning device, designed especially for Marine applications. It features a fiber optic gyroscope (FOG) for high precision orientation sensing. The FOG is used for GNSS independent North Finding, which is a required functionality in certain marine use cases. Otherwise, IPESSA Yaw bar is based on similar GNSS receivers and inertial sensor as IPESSA Tiny and Nano. International Maritime Organization (IMO) does not yet accept RTK corrections for marine vessels yet. Therefore, target market in the beginning is all non-SOLAS vessels, such as fishing and utility vessels. Prototypes are supposed to be finished during quarter 2-quarter 3 2023 and customer pilots are expected to continue until early 2024.

- IPESSA RTK-VINS is a positioning solution combining same technology as with IPESSA Tiny and Nano, together with visual inertial navigation system (VINS). This provides good positioning performance and high robustness in GNSS restricted applications, where GNSS signals are frequently unavailable, or distorted. RTK-VINS is targeted to many UGV and AGV applications where the vehicles are working in e.g., indoor-outdoor environments. IPESSA RTK-VINS is developed jointly together with Dynim Oy. Prototypes and customer pilots planned to be run during first half of 2023. Mass production is estimated to be started during 2024.

Dynim Oy – a non-wholly owned subsidiary, based in Oulu, Finland is developing high end camera products and artificial intelligence software for industrial applications, heavy machinery, and autonomous ground vehicles. Company's core product in 2022 was rugged stereo camera with versions of different stereo base line for indoor and outdoor applications.

- Rugged stereo camera is for heavy duty industrial applications such as mining and earthmoving machinery. Evaluation testing with pilot customer continues in 2023. Customer had major stakeholder event in September 2022 where Dynim's camera was important part of the announced customer's product.

New project for 2023 is in planning with pilot customer concentrating on implementing customer's AI application utilizing the edge computing resources in Dynim's camera product.

Component availability challenges caused significant delays in product manufacturing in 2022 thus limiting Dynim's sales activities and customer testing. For 2023 manufacturing Dynim has prepared material stock for one hundred camera units.

- Development of visual-inertial navigation product with third party software partner took major steps in 2H 2022 and will be finalized during 1H 2023. Proof-of-concept will be ready Q1 2023 for customer testing. Dynim has several sales leads interested in the visual navigation product.
- 2023 new product development will be based on Nvidia's embedded computing platforms that will enable more advanced sensor fusion and camera applications. New development projects include solution for visual positioning system (VPS) and cost optimized single AI camera for aerial drones. New developments expanding the sensor fusion with Dynim's camera products include time-of-flight (ToF) sensor.

Imagica Technology Inc. – a non-wholly owned subsidiary, based in Vancouver, Canada. This company has developed a series of linear array image sensors for spectroscopy, and document scanners, and is currently developing sensors used for several security and machine vision applications using advanced 3D processes. The status of primary products is as follows:

ITC576 – Contact image sensor:

- The product released exceeds the nearest competitor in performance (Toshiba 1200 DPI/600 DPI product). Sample shipments to customers are starting up.

ITM – Machine vision modules:

- Using the ITC576 but packaged in a high-performance form for high-speed imaging. Design ready to go to manufacturing.

ITA – 2K high-performance sensor – area sensor with global shutter using advanced processes:

- Design is completed. The team has been refining the design until we can tape it out in April 2023.

Skyin Technology Limited – a non-wholly owned subsidiary, based in Shanghai, the PRC. The company has developed a number of 3D industrial cameras, 3D industrial vision software, and AI-based industrial vision application solutions. We communicated with many domestic food processing, steel and other enterprises as well as foreign customers such as Vietnam, to provide solutions and consultation.

However, due to the COVID-19 pandemic and market changes, the company's products and business development have been greatly affected.

1. Due to the COVID-19 epidemic, business trip and on-site communication were seriously affected, and the projects were interrupted due to poor communication.
2. Affected by the economic situation, many enterprises reduce or postpone the application of new technologies, resulting in reduced market demand.

3. Due to the personalized characteristics of industrial vision, both product development and system integration need at least dozens of people or larger scale R&D and technical support team, which is difficult for a company with several people. Greater capital investment is required, leading to more concentrated competition in the industrial vision industry.

Currently, we are engaged in technical pre-research and market research. We have completed more than 10 market research reports, such as GNSS, industrial vision and fiber optic gyroscope, to provide decision-making reference for the group.

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

As at 31 December 2022, net current liabilities of the Group were approximately HK\$65 million. The current ratio was 0.54. The bank and cash balances were approximately HK\$65 million.

As at 31 December 2022, the Group has outstanding liabilities of approximately HK\$155 million comprising (i) trade and other payables of approximately HK\$14 million, (ii) amounts due to related parties of approximately HK\$19 million, (iii) bank loans of approximately HK\$82 million, (iv) convertible notes of approximately HK\$17 million and (v) other liabilities of approximately HK\$23 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\$180 million.

The Group's gearing ratio as determined by total debt divided by total assets was approximately 18.09%.

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

During the six months ended 31 December 2022, the Group had no material acquisitions and disposals of subsidiaries.

As at 31 December 2022, the Group had no material investment.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group employed a total of 56 employees. They were remunerated according to market conditions.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, 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 2022.

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

During the six months ended 31 December 2022, 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 2022 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 2022.

## **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:

- under code provision C.1.6 of the Code, independent non-executive directors and other non-executive directors should attend general meeting 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 C.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.

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, 27 February 2023

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*)