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**百信集團**  
PASHUN GROUP

**Pa Shun International Holdings Limited**

**百信國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 574)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Pa Shun International Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) announces that the unaudited interim consolidated results of the Group for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as follows:

**INTERIM RESULTS HIGHLIGHTS**

- Revenue amounted to approximately RMB33,389,000 (2021: approximately RMB48,226,000).
- Loss for the period amounted to approximately RMB4,635,000 (2021: approximately RMB6,847,000).
- Basic loss per share for the six months ended 30 June 2022 amounted to approximately RMB0.31 cent (2021: RMB0.46 cent).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Revenue</b>	3	<b>33,389</b>	48,226
Cost of sales		<u>(26,291)</u>	<u>(41,933)</u>
<b>Gross profit</b>		<b>7,098</b>	6,293
Other income and gains	4(a)	<b>61</b>	2,420
Other losses	4(b)	<b>(1)</b>	(10)
Selling and distribution expenses		<b>(2,170)</b>	(2,747)
General and administrative expenses		<b>(5,503)</b>	(9,048)
Finance costs	5	<u><b>(4,120)</b></u>	<u>(3,755)</u>
<b>Loss before tax</b>	6	<b>(4,635)</b>	(6,847)
Income tax expense	7	<u>—</u>	<u>—</u>
<b>Loss for the period attributable to equity shareholders of the Company</b>		<u><b>(4,635)</b></u>	<u>(6,847)</u>
		<i>RMB cent</i>	<i>RMB cent</i>
<b>Loss per share</b>	9		
Basic		<u><b>(0.31)</b></u>	<u>(0.46)</u>
Diluted		<u><b>N/A</b></u>	<u>N/A</u>

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

*For the six months ended 30 June 2022*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss for the period</b>	<b>(4,635)</b>	<b>(6,847)</b>
<b>Other comprehensive expense for the period</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC" or "China")	<u><b>(4,361)</b></u>	<u><b>(5,061)</b></u>
<b>Total comprehensive expense for the period attributable to equity shareholders of the Company</b>	<u><b>(8,996)</b></u>	<u><b>(11,908)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022	At 31 December 2021
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		37,738	38,180
Right-of-use assets		2,671	3,177
Other intangible assets		–	111
Property development project		74,000	74,000
		<b>114,409</b>	115,468
<b>CURRENT ASSETS</b>			
Inventories		6,598	8,346
Trade and other receivables	10	30,598	31,703
Prepayments and deposits paid		18,052	9,403
Amounts due from related parties		33	32
Cash and cash equivalents		3,406	2,272
		<b>58,687</b>	51,756
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	107,559	99,876
Bank borrowings		9,781	5,000
Amount due to a shareholder		944	933
Amounts due to related parties		593	568
Corporate bonds payable		78,057	76,583
Other borrowings		17,179	16,189
Income tax payable		1,417	1,433
		<b>215,530</b>	200,582
<b>NET CURRENT LIABILITIES</b>		<b>(156,843)</b>	(148,826)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(42,434)</b>	(33,358)

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
<b>NON-CURRENT LIABILITIES</b>		
Deferred income – government grant	23,029	23,029
Deferred tax liability	1,741	1,741
Lease liabilities	294	374
	<u>25,064</u>	<u>25,144</u>
<b>NET LIABILITIES</b>	<u><b>(67,498)</b></u>	<u><b>(58,502)</b></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	1,216	1,216
Reserves	(68,714)	(59,718)
<b>Total equity attributable to equity shareholders of the Company</b>	<u><b>(67,498)</b></u>	<u><b>(58,502)</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements has 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 provisions of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 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 2.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the Directors have considered the future liquidity of the Group. The Group incurred net losses amounting to approximately RMB4,635,000 for the six months ended 30 June 2022 and the Group had net current liabilities and net liabilities of amounting to approximately RMB156,843,000 and RMB67,498,000, respectively, as at 30 June 2022. These conditions indicate the existence of a material uncertainty which may cast a significant doubt on the Group’s ability to continue as a going concern. Nevertheless, the Directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

On 20 July 2023, the Company, through its legal advisors, made an ex parte application to the High Court of Hong Kong to apply for leave to convene a scheme meeting (the “**Scheme Meeting**”) for the purpose of considering and, if thought fit, approving the scheme of arrangement (the “**Scheme of Arrangement**”) and related directions.

The Scheme Meeting was held on 18 October 2023. During the Scheme Meeting, over 50% in number of, and representing not less than 75% in value of the claims of, the creditors present and voting in person or by proxy at the Scheme Meeting, have voted in favour of the Scheme of Arrangement. The High Court of Hong Kong sanctioned the Scheme of Arrangement on 1 November 2023 (the “**Sanction Hearing**”). It is expected that the Scheme of Arrangement will take effect shortly after the Sanction Hearing.

The Scheme of Arrangement is, in substance, a debt rescheduling arrangement. While the direct impact on the Company’s overall financial position is expected to be minimal, a substantial part of the liabilities which are classified as current liabilities will be classified as non-current liabilities as a result of the Scheme of Arrangement.

The management of the Company is of the view that Group will be able to continue to operate as a going concern. Based on the indication of support received for the Scheme of Arrangement, the Company is optimistic about the prospects of the implementation of the Scheme of Arrangement. Further, the Company has also returned to profit position in the six months ended 30 June 2023.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current interim period of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current interim period has not resulted in significant impact on the Group’s condensed consolidated financial statements. The Group has also not applied any new or amended standards that are not effective in respect of the current interim period.

## 3. REVENUE

The principal activities of the Group are pharmaceutical distribution and manufacture of pharmaceutical products in the PRC.

Revenue represents the sales value of goods supplied to customers. The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2022 RMB’000 (unaudited)	2021 RMB’000 (unaudited)
Pharmaceutical distribution	22,530	36,598
Pharmaceutical manufacturing	10,859	11,628
	<u>33,389</u>	<u>48,226</u>

All of the Group’s revenue is recognised at a point of time for both periods.

## 4. OTHER INCOME AND GAINS AND OTHER LOSSES

### (a) Other income and gains

	Six months ended 30 June	
	2022 RMB’000 (unaudited)	2021 RMB’000 (unaudited)
Bank interest income	3	81
Deferred income – government grant	–	256
Royalty fee income	–	2,000
Others	58	83
	<u>61</u>	<u>2,420</u>

*Note:* The franchise fee and royalty fee income are recognised on the “overtime” basis.

(b) Other losses

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Loss on disposal of property, plant and equipment	–	3
Others	1	7
	<u>1</u>	<u>10</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest on:		
Bank borrowings	322	288
Corporate bonds payable	2,556	3,310
Other borrowings	1,216	108
Lease liabilities	26	49
	<u>4,120</u>	<u>3,755</u>

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Cost of inventories sold ( <i>note i</i> )	1,748	7,233
Salaries, wages and other benefits	3,057	4,535
Contributions to defined contribution retirement plans	369	330
Total staff costs ( <i>note ii</i> )	3,426	4,865
Amortisation of other intangible assets	111	1,248
Depreciation of property, plant and equipment	777	798
Depreciation of right-of-use assets	506	493
Auditors' remuneration	–	–

Notes:

- (i) Cost of inventories sold for the six months ended 30 June 2022 includes staff costs and depreciation and amortisation expenses totalled RMB66,000 (six months ended 30 June 2021: RMB272,000) which are also included in the respective total amounts disclosed separately above.
- (ii) The total staff costs include directors' emoluments.

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Current tax – PRC Enterprise Income Tax</b>		
Provision for the period	–	–
<b>Deferred tax</b>		
Origination and reversal of temporary differences	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (iii) No provision for Hong Kong Profits Tax for the six months ended 30 June 2022 and 2021 has been made in the condensed consolidated statement of profit or loss as the Group has no assessable profits arising in Hong Kong for both of the periods presented.
- (iv) The Group’s PRC subsidiaries are subject to PRC Enterprise Income Tax at the statutory rate of 25%. No provision for PRC Enterprises Income Tax for the current period has been made in the condensed consolidated statement of profit or loss as the Group had no profit for the period which is assessable to such PRC income tax.

## 8. DIVIDENDS

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

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share for the six months ended 30 June 2022 is based on the loss attributable to equity shareholders of the Company of RMB4,635,000 (six months ended 30 June 2021: RMB6,847,000) and the weighted average of 1,474,993,000 ordinary shares (six months ended 30 June 2021: 1,474,993,000 ordinary shares) in issue.

**(b) Diluted loss per share**

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise price of those share options was higher than the average market price of shares for both of the periods presented.

No diluted loss per share for the six months ended 30 June 2022 and 2021 is presented as there are no potential ordinary shares in issue during both of the periods presented.

**10. TRADE AND OTHER RECEIVABLES**

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Trade and commercial bills receivables ( <i>note a</i> )	18,737	15,413
Bank bills receivables ( <i>note b</i> )	703	677
Other receivables ( <i>note c</i> )	11,158	15,613
	<u>30,598</u>	<u>31,703</u>

*Notes:*

**(a) Trade and commercial bills receivables**

An ageing analysis of trade and commercial bills receivables, based on the dates of goods delivery and net of allowance for doubtful debts, is as follows:

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Within 1 month	4,676	5,322
1 to 3 months	7,042	6,037
4 to 6 months	7,019	4,054
Over 6 months	–	–
	<u>18,737</u>	<u>15,413</u>

An average credit period of 30 to 180 days is granted by the Group to its customers (31 December 2021: 30 to 180 days).

**(b) Bank bills receivables**

The bank bills receivables are aged within 180 days (31 December 2021: 180 days).

## 11. TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Trade payables ( <i>note (i)</i> )	29,707	27,878
Bills payables	–	3,470
Lease liabilities	773	865
Salaries, wage and welfare payable	9,459	8,033
Contract liabilities ( <i>note (ii)</i> )	24,372	21,295
Accrued corporate bond interests	16,419	13,863
Accrued interests for other borrowings	2,659	1,443
Other payables	24,170	23,029
	<u>107,559</u>	<u>99,876</u>

*Notes:*

- (i) An ageing analysis of trade payables, based on the dates of goods delivery, is as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Within 1 month	4,001	4,587
1 to 3 months	5,067	4,610
Over 3 months	20,639	18,681
	<u>29,707</u>	<u>27,878</u>

The credit term granted to the Group by its suppliers is 30 to 180 days (31 December 2021: 30 to 180 days).

- (ii) The Group receives deposits from customers for sales of pharmaceutical products as established in contracts which is regarded as contract liabilities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group continued to focus on the pharmaceutical distribution and pharmaceutical manufacturing businesses in the PRC during the six months ended 30 June 2022.

### **Revenue**

For the six months ended 30 June 2022, the Group recorded a total revenue of RMB33.4 million, representing a decrease of approximately 30.8% from RMB48.2 million for the corresponding period last year. Such decrease was primarily due to (i) the decrease in the amount of products available for sales as the Group's purchasing capabilities were limited by the liquidity issue faced by the Group during the period; and (ii) the outbreak of the novel coronavirus (COVID-19) epidemic (“**Epidemic**”) that has spread across China and worldwide, which has adversely affected the business and economic activities of the Group.

### **Cost of Sales, Gross Profit and Gross Profit Margin**

The Group's cost of sales decreased by approximately 37.3% from RMB41.9 million for the six months ended 30 June 2021 to RMB26.3 million for the six months ended 30 June 2022. Such decrease in cost of sales was in line with the decrease in revenue during the period under review.

The Group's gross profit increased by approximately 12.8% from RMB6.3 million for the six months ended 30 June 2021 to RMB7.1 million for the six months ended 30 June 2022. The Group's gross profit margin increased from 13.0% for the six months ended 30 June 2021 to 21.3% for the six months ended 30 June 2022. Such improvement was primarily attributable to the shift of focus of its pharmaceutical distribution business from wholesaler customers to hospital customers where the Group could sell at higher margin.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by approximately 21.0% from RMB2.7 million for the six months ended 30 June 2021 to RMB2.2 million for the six months ended 30 June 2022. The decrease was in line with the decrease in the business volume of the Group under the Epidemic.

### **General and Administrative Expenses**

The Group's general and administrative expenses decreased by approximately 39.2% from RMB9.0 million for the six months ended 30 June 2021 to RMB5.5 million for the six months ended 30 June 2022. The decrease was primarily attributable to the decrease in the Group's workforce and stringent cost control measures under the Epidemic.

## **Other Income and Gains**

Other income and gains decreased from RMB2.4 million for the six months ended 30 June 2021 to RMB61,000 for the six months ended 30 June 2022. The decrease in other income and gains was due to the royalty income from patents of RMB2 million recognised during the six months ended 30 June 2021. The patents in other intangible assets were fully impaired as at 31 December 2021 and no such royalty income was recognised during the six months ended 30 June 2022.

## **Finance Costs**

Finance costs increased by approximately 9.7% from RMB3.8 million for the six months ended 30 June 2021 to RMB4.1 million for the six months ended 30 June 2022. Such increase in finance costs of the Group was mainly due to the increase in the outstanding balances of corporate bonds payables and other borrowings of the Group.

## **Loss for the Period**

As a result of the foregoing, the Group's loss for the period decreased by approximately 32.3% from RMB6.8 million for the six months ended 30 June 2021 to RMB4.6 million for the six months ended 30 June 2022.

## **OUTLOOK**

With the outbreak of Epidemic being continued in 2022, the Group had been cautious in the development of business. The Group had been closely monitoring the status of Epidemic, observing the latest government policies and taking prompt actions to minimize the impact of Epidemic on the Group's operation of its production facilities.

The management of the Group had been closely assessing the development of the situation. The Group will continue to leverage on its solid foundation in the PRC such that the Group's operation could be returned to normal once the Epidemic is being contained.

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

The Group had total cash and cash equivalents and pledged bank deposits of RMB3.4 million as at 30 June 2022 as compared to RMB2.3 million as at 31 December 2021.

The Group recorded net current liabilities of RMB156.8 million and RMB148.8 million as at 30 June 2022 and 31 December 2021 respectively. The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 0.27 as at 30 June 2022, as compared to 0.26 as at 31 December 2021. The net current liabilities of the Group as at 30 June 2022 has arisen from (i) the increase in trade and other payables; (ii) the increase in corporate bonds payable; and (iii) the increase in bank borrowings in the period under review.

As at 30 June 2022, the total amount of bank borrowed was RMB9.8 million, as compared to RMB5.0 million as at 31 December 2021. As at 30 June 2022, the total amounts of other borrowings was RMB17.2 million (31 December 2021: RMB16.2 million).

As at 30 June 2022, the total number of issued ordinary shares of the Company (“**Shares**”) was 1,474,992,908 Shares (31 December 2021: 1,474,992,908 Shares). In 2018, the Company has granted to certain eligible persons share options (“**Options**”) to subscribe for an aggregate of 100,000,000 Shares under the share option scheme adopted by the Company by ordinary resolution of all shareholders of the Company passed on 26 May 2015. As at 30 June 2022, 100,000,000 Options remained outstanding. Please refer to the announcement of the Company dated 7 September 2018 for details of the grant of the Options. No Options were granted during the six months ended 30 June 2022.

During the period between 2016 and 2018, the Company issued unsecured corporate bonds with principal amount of HK\$113.9 million to various independent third parties at par value, bearing coupon rates of 6.5% to 7% per annum and with maturity periods from 2 to 7.5 years. As at 30 June 2022, 15 corporate bonds with aggregate principal amount of HK\$47.2 million matured and the Company has outstanding unpaid principal amount of HK\$31.6 million of matured corporate bonds as at 30 June 2022.

As at 30 June 2022, interest payable on corporate bonds of approximately HK\$16.4 million was due and remained outstanding. Since the maturity dates of bonds principals and interests, the Company and the holders of the corporate bonds have engaged in numerous rounds of negotiations to seek to resolve the issue amicably, including extension of the maturity date and the due date of the interest payments, and repayments of principal and interests by installments.

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group’s long-term development. There were no changes in the Group’s approach to capital management during the six months ended 30 June 2022.

## **CONTINGENT LIABILITIES**

A petition (the “**2020 Petition**”) was filed on 16 November 2020 by Ms. Feng Lihua (the “**2020 Petitioner**”) against the Company in the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) for an order that the Company be wound up by the High Court. The 2020 Petition was filed against the Company for the Company’s failure to settle the principal payment in the sum of HK\$10,000,000 due on 3 June 2020 in respect of the bond issued to the 2020 Petitioner by the Company as well as the interest accrued on the bond from 1 October 2019 to 30 September 2020 in the sum of HK\$650,000. The 2020 Petitioner and the Company reached settlement agreement (“**Settlement Agreement**”) and the 2020 Petition is expected to be withdrawn by the 2020 Petitioner upon the Company’s full payment of the outstanding debt owed to the 2020 Petitioner. However, the Company did not fully comply with the Settlement Agreement and the 2020 Petitioner applied to the High Court to bring forward the hearing of the 2020 Petition. The 2020 Petition was dismissed by the High Court at the hearing on 17 January 2022.

Please refer to the announcements of the Company dated 17 December 2020, 6 January 2021, 18 February 2021, 4 May 2021, 9 July 2021, 2 November 2021, 16 December 2021 and 17 January 2022 for details.

A petition (the “**2022 Petition**”) was filed on 30 May 2022 by Mr. Wu Yuehua (the “**2022 Petitioner**”) against the Company in the High Court for an order that the Company be wound up by the High Court. The 2022 Petition was filed against the Company for the Company’s failure to settle the principal sum and interest payment with total sum of HK\$2,390,000 in respect of the bond issued to the 2022 Petitioner by the Company. On 6 March 2023, the 2022 Petition filed by the 2022 Petitioner was struck out and the supporting creditor, Opera Enterprise Limited (“**Opera**”) was granted leave to substitute the 2022 Petitioner. An amended petition (“**Amended Petition**”) was filed by Opera against the Company for the Company’s failure to settle the principal sum and interest payment with total amount of HK\$842,706.75 in respect of the bond issued to Opera by the Company. Further, on 24 July 2023, the Amended Petition was struck out and the supporting creditor, Zhu Shunyun (“**Substituting Petitioner**”), was granted leave to substitute the 2022 Petitioner. A re-re-amended petition (“**Re-Re-Amended Petition**”) was filed by the Substituting Petitioner against the Company for the Company’s failure to settle the principal sum and interest payment with total amount of HK\$2,573,424.66 in respect of the bond issued and held by the Substituting Petitioner by the Company. The hearing of the Re-Re-Amended Petition is adjourned to 20 November 2023. As at the date of this announcement, the Company was in negotiation with the Substituting Petitioner for the withdrawal of the said petition. Nevertheless, the Scheme of Arrangement was sanctioned by the High Court on 1 November 2023. The High Court of Hong Kong has indicated that, on the basis of the undertaking given by the Company, the court considered that there is sufficient assurance that the Scheme of Arrangement will proceed with the result that all creditors will receive various payments provided for under the Scheme of Arrangement and will be able to resolve insolvency status and there is no further basis for the Substituting Petitioner to maintain that the Company is insolvent and should be wound up by the court. The High Court requested the Substituting Petitioner to act reasonably and indicate her consent to the dismissal of the Re-Re-Amended Petition so as to dispense with the parties’ attendance and the court will be able to pronounce the order dismissing the Re-Re-Amended Petition without either hearing the Company or the Substituting Petitioner. This is a matter that should be dealt with by way of consent summons.

Please refer to the announcements of the Company dated 31 May 2022, 10 August 2022, 28 September 2022, 16 January 2023, 6 March 2023, 24 April 2023, 15 May 2023, 28 June 2023 and 25 July 2023 for details.

As at 30 June 2022, except as disclosed above, the Group did not have any significant contingent liabilities.

## **POSSIBLE TRANSACTION WHICH MAY OR MAY NOT INVOLVE CHANGE OF CONTROLLING SHAREHOLDER OF THE COMPANY**

As disclosed in the Company's announcement dated 30 September 2019, the Company has been informed by Praise Treasure Limited (“PTL”), a controlling shareholder of the Company that 753,040,000 Shares (the “**2019 Charged Shares**”) were pledged by PTL in favour of Winwin International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No.1 Fund SP) to secure certain indebtedness of PTL. On 27 September 2019, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited (“**2019 Receivers**”) were appointed as joint and several receivers and managers over the 2019 Charged Shares. The 2019 Charged Shares represent approximately 51.05% of the issued share capital of the Company as at the date of this announcement.

Any proposed change of the ownership of the 2019 Charged Shares may or may not involve a change of the controlling shareholder of the Company (the “**Possible Transaction**”). On 11 January 2022, the Company received a letter from the 2019 Receivers that the 2019 Receivers have been released from their appointment and ceased to act as joint and several receivers and managers over the 2019 Charged Shares with effect from 10 January 2022. Accordingly, the Possible Transaction will not proceed. Details of the Possible Transaction are set out in the Company's announcements dated 30 September 2019, 3 October 2019, 1 November 2019, 2 December 2019, 2 January 2020, 3 February 2020, 3 March 2020, 19 March 2020, 3 April 2020, 4 May 2020, 4 June 2020, 6 July 2020, 6 August 2020, 7 September 2020, 7 October 2020, 9 November 2020, 9 December 2020, 11 January 2021, 11 February 2021, 11 March 2021, 12 April 2021, 12 May 2021, 15 June 2021, 15 July 2021, 16 August 2021, 16 September 2021, 18 October 2021, 18 November 2021, 20 December 2021 and 11 January 2022.

## **FOREIGN EXCHANGE RISKS**

The functional currency of the Group is Renminbi while a portion of funds raised by the Group from its initial public offering and issue of corporate and convertible bonds is still in the form of bank deposits denominated in Hong Kong dollars. Therefore, it may be subject to the risks of exchange rate fluctuations of the Renminbi and the Hong Kong dollars. Apart from the above, most of the assets and transactions of the Group are denominated in Renminbi, and the Group mainly settles its operating expenses in the PRC with income generated from operations in Renminbi. Therefore, the Group is not exposed to any significant foreign exchange risks.

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

During the six months ended 30 June 2022, the Group did not make any significant investments, acquisitions or disposals that was required to be disclosed under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## **HUMAN RESOURCES**

As at 30 June 2022, the Group had a total of 94 (31 December 2021: 95) staff, primarily in the PRC. The total staff cost was RMB3.4 million (six months ended 30 June 2021: RMB4.9 million) for the six months ended 30 June 2022.

The Group believes its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favorable working environment. The Group constantly invests in training across diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing its corporate development needs.

## **DIVIDEND**

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

## **CORPORATE GOVERNANCE**

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules which was effective during the period under review as its own code of corporate governance. Save as disclosed below, during the six months ended 30 June 2022, the Company has complied with the code provisions set out in the CG Code.

Under the code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. Upon the expiry of previous directors and officers liability insurance on 18 June 2021, the Company did not arrange any new insurance cover in respect of potential legal actions against its Directors. The management of the Group believe that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual lawsuits against the Directors is remote. The Company will consider making insurance arrangement as and when it thinks necessary.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions ("**Model Code**"). Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Model Code for the six months ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **EVENTS AFTER THE REPORTING PERIOD**

### **(1) Restructuring and Scheme of Arrangement**

Since 2020, various winding-up petitions were presented against the Company. As at the date of this announcement, the Re-Re-Amended Petition remains subsisting. The Re-Re-Amended Petition was filed by the Substituting Petitioner against the Company for the Company's failure to settle the principal sum and interest payment with total amount of HK\$2,573,424.66 in respect of the bond issued to the 2022 Petitioner by the Company. The hearing of the Re-Re-Amended Petition is adjourned to 20 November 2023.

In or around early June 2023, in view of the winding-up petitions, the Company contemplates a restructuring of its overall indebtedness position in order to address the liquidity issue faced by the Company.

On 20 July 2023, the Company, through its legal advisors, made an ex parte application to the High Court to apply for leave to convene a scheme meeting (the "**Scheme Meeting**") for the purpose of considering and, if thought fit, approving the scheme of arrangement (the "**Scheme of Arrangement**") and related directions.

The Scheme Meeting was held on 18 October 2023. During the Scheme Meeting, over 50% in number of, and representing not less than 75% in value of the claims of, the creditors present and voting in person or by proxy at the Scheme Meeting, have voted in favour of the Scheme of Arrangement. The High Court of Hong Kong sanctioned the Scheme of Arrangement on 1 November 2023.

For the Re-Re Amended Petition, the High Court of Hong Kong has indicated that, on the basis of the undertaking given by the Company, the court considered that there is sufficient assurance that the Scheme of Arrangement will proceed with the result that all creditors will receive various payments provided for under the Scheme of Arrangement and will be able to resolve insolvency status and there is no further basis for the Substituting Petitioner to maintain that the Company is insolvent and should be wound up by the court. The High Court of Hong Kong requested the Substituting Petitioner to act reasonably and indicate her consent to the dismissal of the Re-Re-Amended Petition so as to dispense with the parties' attendance and the court will be able to pronounce the order dismissing the Re-Re-Amended Petition without either hearing the Company or the Substituting Petitioner. This is a matter that should be dealt with by way of consent summons.

As at the date of this announcement, the Company is in negotiation with the Substituting Petitioner for an amicable settlement and the withdrawal of the said petition.

For details and progress of the restructuring and the Scheme of Arrangement, please refer to the announcements of the Company dated 25 July 2023, 11 August 2023, 8 September 2023, 15 September 2023, 25 September 2023, 18 October 2023 and 1 November 2023.

## (2) Establishment of Independent Investigation Committee

On 12 August 2022, the Company received a resumption guidance letter (the "**Resumption Guidance**"), pursuant to which the Stock Exchange requires the Company to, inter alia, (i) conduct an appropriate independent forensic investigation (the "**Investigation**") into two acquisitions (the "**Acquisitions**") (including the two side agreements), the termination thereof and the other related matters raised by the Company auditors, announce the findings and take appropriate remedial actions and (ii) conduct an independent internal control review (the "**Internal Control Review**") and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

As disclosed in the announcement of the Company dated 12 May 2023, a report on the Internal Control Review and the report on the Investigation were completed. On 17 August 2023, the Board has resolved to establish an independent investigation committee (the "**Committee**"), initially comprising three independent non-executive Directors, namely Mr. Cao Lei, Ms. Li Yan and Mr. Khor Khie Liem Alex, for the purpose of, among other things, conducting a comprehensive forensic investigation (the "**Forensic Investigation**") into the Acquisitions; reporting and making recommendations to the Board on appropriate actions to be taken.

As disclosed in the announcement of the Company dated 26 October 2023, the Committee and the Board have reviewed the forensic investigation report ("**Forensic Investigation Report**") and adopted the findings of the Forensic Investigation. The Board was of the view that the issues identified in the Forensic Investigation Report do not affect the business operation of the Group, and that with the proposed internal control measures, the Company would be able to monitor and control the risks of investments in the future.

For details of the matters relating to the Acquisitions, the Investigation, the Internal Control Review, the Forensic Investigation and the Committee, please refer to the announcements of the Company dated 12 May 2023, 29 May 2023, 11 August 2023, 17 August 2023 and 26 October 2023.

**(3) Possible transaction pursuant to Rule 3.7 of the Takeovers Code**

As disclosed in the Company's announcement dated 3 August 2022, the Board has been informed of the appointment of joint and several receivers and managers of the ordinary shares of HK\$0.001 each in the Shares held by PTL, a controlling shareholder of the Company.

As informed by PTL, 753,040,000 Shares (the "**Charged Shares**") were pledged by PTL in favour of the original chargee whose rights have been assigned to Win Win International Strategic Investment Funds SPC for the account and on behalf of Win Win Stable No. 3 Fund SP (the "**Chargee**") to secure certain indebtedness of PTL, and on 27 July 2022, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited (the "**Receivers**") were appointed as joint and several receivers and managers over the Charged Shares, which represented approximately 51.05% of the issued share capital of the Company. For the purpose of the Code on Takeovers and Mergers (the "**Takeovers Code**"), the offer period commenced on 3 August 2022.

As announced by the Company on 8 March 2023, the Board has been advised by PTL that PTL was still in negotiations with the Chargee regarding settlement of the outstanding indebtedness owed by PTL to the Chargee. After making appropriate enquiries with the Receivers, the Receivers informed the Board that they have not identified a potential purchaser for the Charged Shares. As such, the Company considered that a bona fide offer was not imminent. The offer period under Rule 26.1 of the Takeovers Code was closed on 8 March 2023.

Please refer to the announcements of the Company dated 3 August 2022, 5 September 2022, 5 October 2022, 7 November 2022, 7 December 2022, 9 January 2023, 9 February 2023 and 8 March 2023 for details.

Save as disclosed above and in the paragraph headed "Contingent Liabilities" in the Management Discussion and Analysis section of this announcement, the Board is not aware of any significant events requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

## REVIEW OF RESULTS

The primary responsibilities of the Audit Committee include (but not limited to) assisting the Board to provide an independent review and supervision of the Group's financial and accounting policies, to oversee the financial control, internal control and risk management systems of the Group, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Cao Lei, Ms. Li Yan and Mr. Khor Khie Liem Alex. The chairman of the Audit Committee is Ms. Li Yan. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed the internal controls and financial reporting matters, including a review of the interim financial results for the six months ended 30 June 2022.

## CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1:18 p.m. on 12 May 2022 and will continue to be suspended until further notice.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares and other securities of the Company.**

On behalf of the Board  
**Pa Shun International Holdings Limited**  
**Professor Xiao Kai**  
*Chairman and Executive Director*

Hong Kong, 1 November 2023

*As at the date of this announcement, the executive Directors are Professor Xiao Kai, Mr. Yuan Hongbing and Mr. Feng Junzheng; the non-executive Directors are Mr. Zhang Tong and Mr. Chen Yunwei; and the independent non-executive Directors are Mr. Cao Lei, Ms. Li Yan and Mr. Khor Khie Liem Alex.*

*This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.pashun.cn](http://www.pashun.cn) under the section of "Investor Relations/HKEx Filings" respectively. The interim report of the Company for the six months ended 30 June 2022 will be dispatched to the shareholders of the Company and will be available on the same websites in due course.*