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PanAsialum Holdings Company Limited

榮陽實業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2078)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended June 30, 2024 was HK\$433.9 million, a decrease of 9.4% compared with HK\$479.0 million the corresponding period in year 2023;
- Gross profit for the six months ended June 30, 2024 was HK\$74.6 million, an increase of 4.8% as compared with HK\$71.2 million for the corresponding period in year 2023;
- Gross profit margin for the six months ended June 30, 2024 was 17.2%, an increase of 2.3% as compared with 14.9% for the corresponding period in year 2023;
- Profit attributable to owners of the Company for the six months ended June 30, 2024 was HK\$5.9 million, compared with HK\$0.5 million for the corresponding period in year 2023; and
- Basic earnings per share for the six months ended June 30, 2024 of 0.49 HK cents (six months ended June 30, 2023: 0.04 HK cents).

The board (“**Board**”) of directors (“**Directors**”) of PanAsialum Holdings Company Limited (“**Company**”, together with its subsidiaries, “**Group**”) announces the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

		Unaudited	Audited
		June 30,	December 31,
		2024	2023
	<i>Notes</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	7	393,879	425,345
Right-of-use assets		226,021	229,058
Prepayments for property, plant and equipment		–	3,002
		<u>619,900</u>	<u>657,405</u>
Current assets			
Inventories		68,838	93,987
Trade receivables	8	160,242	223,119
Prepayments, deposits and other receivables		122,928	146,500
Income tax recoverable		1,606	1,606
Pledged bank deposits		60,195	82,663
Cash and cash equivalents		420,812	226,239
		<u>834,621</u>	<u>774,114</u>
Total assets		<u>1,454,521</u>	<u>1,431,519</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	9	120,000	120,000
Reserves		601,244	601,043
Total equity attributable to owners of the Company		<u>721,244</u>	<u>721,043</u>

		Unaudited	Audited
		June 30,	December 31,
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,196	1,235
Borrowings	11	49,250	65,028
Income tax liabilities		–	214,746
		51,446	281,009
Current liabilities			
Trade and bills payables	12	42,882	65,896
Contract liabilities, other payables and accrued charges		100,016	115,284
Borrowings	11	223,137	145,575
Lease liabilities		2,279	1,599
Deferred income on government grants		12,453	12,688
Income tax liabilities		301,064	88,425
		681,831	429,467
Total liabilities		733,277	710,476
Total equity and liabilities		1,454,521	1,431,519

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	<i>Notes</i>	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000 (restated)
Continuing operation			
Revenue	6	433,942	478,976
Cost of sales		(359,320)	(407,776)
Gross profit		74,622	71,200
Distribution and selling expenses		(12,359)	(13,926)
Administrative expenses		(69,704)	(86,005)
Other income		4,268	31,097
Other gains/(losses) – net	14	4,461	(372)
Finance income/(costs) – net	15	4,608	(7,223)
Profit/(loss) before income tax		5,896	(5,229)
Income tax credit	16	–	6,801
Profit for the period attributable to owners of the Company from continuing operation		<u>5,896</u>	<u>1,572</u>
Discontinued operation			
Loss for the period attributable to owners of the Company from discontinued operation	17	<u>–</u>	<u>(1,082)</u>
Profit for the period		<u>5,896</u>	<u>490</u>
Earnings/(loss) per share attributable to owners of the Company			
Basic and diluted (<i>HK cents per share</i>)			
– Continuing operation	19	0.49	0.13
– Discontinued operation	19	–	(0.09)
		<u>0.49</u>	<u>0.04</u>

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000 (restated)
Profit for the period	5,896	490
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(5,695)	(31,640)
<i>Items reclassified to profit or loss:</i>		
Exchange differences reclassified to profit or loss upon disposal of a subsidiary	—	953
Other comprehensive income for the period	(5,695)	(30,687)
Total comprehensive income for the period	201	(30,197)
Total comprehensive income for the period		
– Continuing operation	201	(29,912)
– Discontinued operation	—	(285)
	201	(30,197)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

PanAsialum Holdings Company Limited (“**Company**”) and its subsidiaries (together, the “**Group**” or “**PanAsialum**”) are principally engaged in the manufacturing and trading of aluminium products. The Company is an investment holding company. The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on October 7, 2005 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit 01, 26/F, Tower 2, The Millennity, 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since February 5, 2013.

These unaudited condensed consolidated interim financial statements is presented in Hong Kong Dollar (“**HK\$**” or “**HKD**”), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee and approved for issue by the board of Directors (“**Board**”) on August 22, 2024.

2 BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It is also in compliance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3. However, not all are expected to impact the Group as they are either not relevant to the Group’s activities or require accounting which is consistent with the Group’s current accounting policies.

The preparation of 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 on a year to date basis. Actual results may differ from these estimates.

These unaudited interim financial statements contains condensed consolidated interim financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The condensed consolidated interim financial statements have not been audited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended December 31, 2023, as described in those annual consolidated financial statements.

The HKICPA has issued the following amendments to HKFRSs that are first effective and relevant for the current accounting period of the Group:

- Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*
- Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*

The adoption of these amendments to HKFRSs does not have any material financial effect on the Group's condensed consolidated interim financial statements, except Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group is not exposed to material equity price risk. There have been no changes in any risk management policies since the last year end.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023.

4.2 Liquidity risk

Compared to the last year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Commodity price risk on aluminium

The Group is exposed to commodity price risk because aluminium ingots are the major raw materials of the Group's products. Any change in prices of aluminium could affect the Group's financial performance. The Group has entered into future contracts traded on the Shanghai Futures Exchange in order to mitigate the risk arising from fluctuation in aluminium price.

The Group recognised a total gain from changes in fair value of derivative financial instruments of approximately HK\$2,924,000 during the period ended June 30, 2024 (2023: loss from changes in fair value of derivative financial instruments approximately HK\$365,000). As at June 30, 2024, the Group held future contracts which will mature from July to October 2024 (2023: September 2023). Management considers the fluctuation on the commodity price of aluminium does not have a material impact on the Group's earnings and cash flows in the long run.

The outstanding balances of future contracts entered as at June 30, 2024 are approximately HK\$2,810,000, which are measured at fair value and under level 1 of fair value hierarchy.

4.4 Fair value estimation

The carrying amounts of the Group's other financial assets and liabilities approximate their fair values due to their short maturity.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information for the year ended December 31, 2023.

6 REVENUE AND SEGMENT INFORMATION

Reportable segment

The executive directors ("ED(s)") of the Company, being the chief operating decision makers, regularly review operating segment based on reports that are used to make strategic decisions. The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the EDs of the Company.

An operating segment regarding the business of investment properties was discontinued during the year ended December 31, 2023. The segment information reported in this note does not include any amounts for the discontinued operation, which are described in more detail as set out in note 17.

Specifically, the Group's reporting segment under HKFRS 8 *Operating Segments* is manufacture and trading of aluminum products. The segment is managed separately as the business offers specific products and services and requires specific business strategies.

Management monitors the results of its operating segment separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit which is measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that unallocated finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The tables below present geographical entity-wide information. The Group derives revenue from the continuing operation, manufacture and trading of aluminium products at a point in time in the following geographical regions:

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000
The PRC	92,509	151,944
Australia	16,488	14,529
Vietnam	287,550	287,736
Others	37,395	24,767
	<u>433,942</u>	<u>478,976</u>
Time of revenue recognition		
At a point in time	<u>433,942</u>	<u>478,976</u>

7 PROPERTY, PLANT AND EQUIPMENT

	Unaudited Six months ended June 30, 2024 HK\$'000	Audited Year ended December 31, 2023 HK\$'000
Opening net book amount	425,345	634,661
Exchange differences	(2,130)	(10,789)
Additions	1,490	7,714
Written off	–	(13,286)
Disposal of a subsidiary	–	(94,439)
Disposals	(1,131)	(35,056)
Depreciation (<i>Note 13</i>)	(29,695)	(63,460)
	<u>393,879</u>	<u>425,345</u>

8 TRADE RECEIVABLES

	Unaudited June 30, 2024 HK\$'000	Audited December 31, 2023 HK\$'000
Trade receivables	285,747	355,915
Less: impairment loss recognised	(125,505)	(132,796)
	<u>160,242</u>	<u>223,119</u>

The carrying amounts of these receivables approximate their fair values. The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 90 days (December 31, 2023: Same). The Group does not hold any collateral as security.

The ageing analysis of the trade receivables net of impairment loss recognised, based on due date was as follows:

	Unaudited June 30, 2024 <i>HK\$'000</i>	Audited December 31, 2023 <i>HK\$'000</i>
Current	156,974	202,582
1–30 days	2,622	19,735
31–60 days	600	671
61–90 days	30	96
91–180 days	16	35
	160,242	223,119

As at June 30, 2024, receivables of HK\$156,974,000 were neither past due nor impaired (December 31, 2023: HK\$202,582,000). These receivables relate to customers for whom there is no recent history of default.

As at June 30, 2024, all trade receivables were non-interest bearing (December 31, 2023: Same).

9 SHARE CAPITAL

	Unaudited June 30, 2024		Audited December 31, 2023	
	<i>Number of</i> <i>shares</i>	<i>HK\$'000</i>	<i>Number of</i> <i>shares</i>	<i>HK\$'000</i>
Authorized:				
Ordinary shares of HK\$0.10 each	2,400,000,000	240,000	2,400,000,000	240,000
Issued and fully paid:	1,200,000,000	120,000	1,200,000,000	120,000

As at June 30, 2024 and December 31, 2023, the total number of issued ordinary shares of the Company included 595,000 shares held for the share award scheme, representing approximately 0.05% of the issued share capital of the Company.

10 SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") expired on January 18, 2023 and there are no other share options schemes currently in force.

As at January 1, 2024 and June 30, 2024, no outstanding number of option is available for grant under the Share Option Scheme after its expiry on January 18, 2023.

Details of the share options movements during the Period under the Share Option Scheme are as follows:

Name or category of grantee	Date of grant of share options	Exercise price (HKD)	Exercise period	Number of share options					Balance as at June 30, 2024	
				Balance as at January 1, 2024	Granted during the Period	Vested during the Period	Exercised during the Period	Lapsed during the Period		Cancelled during the Period
Directors										
Dr. Cheung Wah Keung	23/12/2019	0.396 (Note 1)	23/12/2019 – 22/12/2029 (Note 2)	1,200,000	-	-	-	-	-	1,200,000
Mr. Chan Kai Nang	23/12/2019	0.396 (Note 1)	23/12/2019 – 22/12/2029 (Note 2)	1,200,000	-	-	-	-	-	1,200,000
Other Participants										
Employees	23/12/2019	0.396 (Note 1)	23/12/2019 – 22/12/2029 (Note 2)	8,432,000	-	-	-	(280,000)	-	8,152,000
Service Providers (Note 3)	23/12/2019	0.396 (Note 1)	23/12/2019 – 22/12/2029 (Note 2)	10,800,000	-	-	-	-	-	10,800,000
Total				21,632,000	-	-	-	(280,000)	-	21,352,000

Notes:

- * Save as disclosed herein, there are no other Directors, chief executive or substantial shareholders of the Company, or their respective associates that have been granted share options pursuant to the Share Option Scheme.
 - ** No participants were granted options in excess of the 1% individual limit pursuant to the Share Option Scheme.
 - *** No related entity participant or service provider for goods or services were granted options exceeding 0.1% of the number of shares in issue in any 12-month period pursuant to the Share Option Scheme.
1. The closing price of the shares of the Company immediately before December 23, 2019, on which those options were granted, was HK\$0.38.
 2. The share options are exercisable for a period of 10 years from the date of grant, subject to the vesting period as follows: (i) 60% of the share options be vested on the date of grant; and (ii) 40% of the share options be vested on the first anniversary of the date of grant. No performance targets are attached to the options.
 3. The share options were granted to a sales and marketing relations consultant appointed on July 1, 2019. The rationale for such grant was to serve as the consideration of the services provided by the consultant.

11 BORROWINGS

	Unaudited June 30, 2024 <i>HK\$'000</i>	Audited December 31, 2023 <i>HK\$'000</i>
Current		
Bank and other loans	223,137	145,575
Non-current		
Other loans	<u>49,250</u>	<u>65,028</u>
Total	<u><u>272,387</u></u>	<u><u>210,603</u></u>

As at June 30, 2024, the effective interest rate of the interest-bearing borrowings was 3.17% per annum (December 31, 2023: 4.22% per annum). The Group's bank borrowings carry interest at floating rates and their carrying amounts approximate their fair values.

As at June 30, 2024, the Group's facilities were secured by the following:

- (i) guarantees of the Company and a subsidiary of the Company (December 31, 2023: the Company);
- (ii) guarantees of a director of the Company (December 31, 2023: Same);
- (iii) pledge of the Group's certain property, plant and equipment and right-of-use assets (December 31, 2023: Same); and
- (iv) pledge of the Group's certain bank deposits (December 31, 2023: Same).

12 TRADE AND BILLS PAYABLES

As at June 30, 2024 and December 31, 2023, the ageing analysis of the Group's trade and bills payables based on invoice date was as follows:

	Unaudited June 30, 2024 <i>HK\$'000</i>	Audited December 31, 2023 <i>HK\$'000</i>
0–30 days	20,141	18,157
31–60 days	6,295	7,439
61–90 days	6,521	2,225
Over 90 days	<u>9,925</u>	<u>38,075</u>
	<u><u>42,882</u></u>	<u><u>65,896</u></u>

13 PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATION

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000
The Group's profit/(loss) before income tax from continuing operation is arrived at after charging/(crediting):		
Auditor's remuneration		
– current period	1,422	1,559
Cost of inventories recognised as expenses	359,320	407,776
Employee benefit expenses (include wages and salaries)	34,138	39,045
Loss on disposal of property, plant and equipment	782	27,876
Depreciation of property, plant and equipment (<i>Note 7</i>)	29,695	33,435
Depreciation of right-of-use assets	4,292	5,676
Written off of prepayments for property, plant and equipment	2,981	–
Reversal of impairment loss on trade receivables	(7,282)	(23,709)
Reversal of impairment loss on inventories	–	(1,650)
Gain on disposal of a subsidiary (<i>Note</i>)	–	(9,066)
	<u> </u>	<u> </u>

Note: PanAsia Aluminium Limited and PACL (collectively, the “**Vendors**”), PanAsia Enterprises (Nanyang) Co., Ltd.* (榮陽實業(南陽)有限公司) (the “**Vendors’ Guarantor**”), PanAsia Enterprises (Jiangmen) Co., Ltd.* (榮陽實業(江門)有限公司) (the “**Disposal Company**”), certain indirectly wholly-owned subsidiaries of the Company; Jiangmen Jiantai Enterprises Co., Ltd.* (江門市健泰實業有限公司), (the “**Purchaser**”) and Jiangmen Zhenyi Enterprises Co., Ltd.* (江門市鎮怡實業有限公司) (the “**Purchaser’s Guarantor**”) entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which, amongst others, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Disposal Company, at the Consideration of approximately RMB34,800,000 (subject to adjustment) (the “**Disposal**”).

The completion took place on March 24, 2023 and the final adjusted consideration was RMB35,971,000.

Based on the final consideration, the Group recorded a net gain of approximately HK\$9,066,000 as a result of the Disposal.

For details, please refer to the announcements of the Company dated January 9, 2023, January 16, 2023 and March 17, 2023, and the circular of the Company dated March 24, 2023.

* For identification purpose only

14 OTHER GAINS/(LOSSES) – NET, FROM CONTINUING OPERATION

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000
Net exchange gains/(losses)	1,537	(7)
Gain/(loss) from change in fair value of derivative financial instruments	<u>2,924</u>	<u>(365)</u>
	<u>4,461</u>	<u>(372)</u>

15 FINANCE INCOME/(COSTS) FROM CONTINUING OPERATION

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000
Interest income:		
Interest income on bank deposits	<u>10,343</u>	<u>867</u>
Finance income	<u>10,343</u>	<u>867</u>
Interest expenses:		
Interest expense on lease liabilities	(76)	(125)
Interest expense on borrowings	<u>(5,659)</u>	<u>(7,965)</u>
Finance costs	<u>(5,735)</u>	<u>(8,090)</u>
Finance income/(costs) – net	<u>4,608</u>	<u>(7,223)</u>

16 INCOME TAX CREDIT FROM CONTINUING OPERATION

For the six months ended June 30, 2024, no provision for Hong Kong profits tax has been provided as there is sufficient tax losses to offset with the assessable profits (2023: Same).

The Group's operation in the PRC are subject to the PRC corporate income tax. During the six months ended June 30, 2024, no provision for PRC corporate income tax has been provided as there is sufficient tax losses to offset with the assessable profits (2023: Same). The standard PRC corporate income tax rate was 25% for the six months ended June 30, 2024 and 2023, except that one of the PRC subsidiaries of the Company was qualified as a High and New Technology Enterprise in December 2022 and was entitled to enjoy a preferential income tax rate of 15% for a period of 3 years.

	Unaudited Six months ended June 30, 2024 HK\$'000	Unaudited Six months ended June 30, 2023 HK\$'000
Hong Kong profits tax		
– over-provision in prior years	–	659
Overseas taxation		
– over-provision in prior years	–	6,142
	<hr/>	<hr/>
Income tax credit	–	6,801
	<hr/> <hr/>	<hr/> <hr/>

17 DISCONTINUED OPERATION

During the year ended December 31, 2023, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent purchaser to dispose of the entire issued share capital in a subsidiary, 昌吉准東經濟技術開發區宏睿鋁業有限公司 (“JSWR”). JSWR was principally engaged in property holding in the PRC. Upon completion of the disposal on December 30, 2023, the Group no longer engages in investment properties operation and accordingly, the operation was classified as discontinued operation and the comparative figures in the condensed consolidated interim statement of comprehensive income for the six months ended June 30, 2023 have been restated.

The financial performance and cash flow information for the six months ended June 30, 2023 from the discontinued operation is set out below:

	Unaudited Six months ended June 30, 2023 HK\$'000
Administrative expenses	(1,414)
Other income	332
	<hr/>
Loss for the period	(1,082)
	<hr/> <hr/>
Cash flows used in operating activities	(11)
Cash flows generated from financing activities	22
	<hr/>
Net cash inflows	11
	<hr/> <hr/>

18 DIVIDENDS

No dividend has been declared by the Company for the six months ended June 30, 2024 and 2023.

19 EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended June 30, 2024	Unaudited Six months ended June 30, 2023
Profit/(loss) attributable to owners of the Company (<i>HK\$'000</i>)		
Continuing operation	5,896	1,572
Discontinued operation	–	(1,082)
	<u><u>1,199,405</u></u>	<u><u>1,199,405</u></u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (<i>thousands</i>)	<u><u>1,199,405</u></u>	<u><u>1,199,405</u></u>
Basic earnings/(loss) per share (<i>HK cents</i>)		
Continuing operation	0.49	0.13
Discontinued operation	–	(0.09)
	<u><u>0.49</u></u>	<u><u>(0.09)</u></u>

Diluted

For the six months ended June 30, 2024 and 2023, the computation of diluted earnings/(loss) per share does not assume the exercise of the Company's outstanding share options since their exercise price exceeded average market price during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

PanAsialum Holdings Company Limited (“**Company**”) and its subsidiaries (collectively, “**Group**”) is an aluminium products manufacturer and trader with production plants in the People’s Republic of China (“**PRC**”), making and selling a large and diverse portfolio of high quality products to its customers.

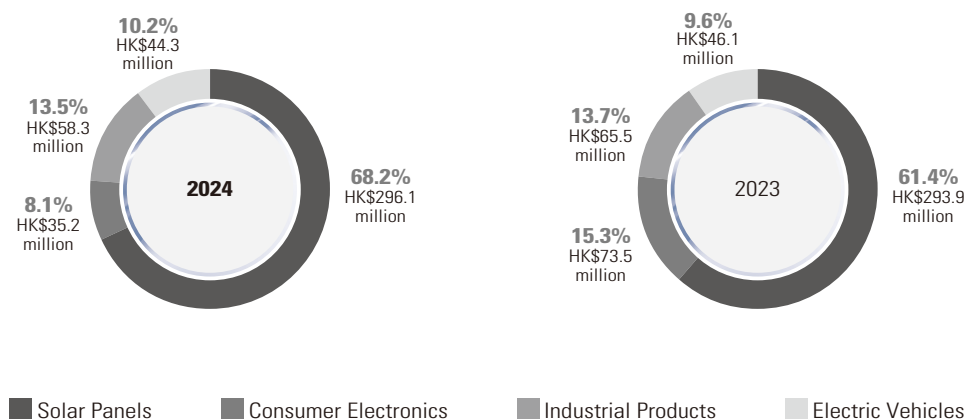
PERFORMANCE OVERVIEW

In the first half of 2024, the overall contraction in revenue aligned with our strategic response to current market dynamics. We are navigating a challenging economic environment characterized by subdued domestic demand and industry-wide oversupply. Furthermore, we proactively tightened credit controls, particularly within the domestic market, to mitigate potential future risks. While this prudent measure contributed to a decrease in sales orders, it underscores our commitment to long-term financial stability. Despite these headwinds, our disciplined approach to cost management and operational efficiency yielded positive results. We are pleased to report steady growth in both gross and net profit margins. We remain confident in our strategic direction and our ability to deliver sustainable value.

For the six months ended June 30, 2024 (“**Period**”), the overall sales volume of the Group was approximately 13,633 tonnes, representing a year-on-year decrease of approximately 14.5% compared with that for the corresponding period last year. The Group recorded revenue of approximately HK\$433.9 million for the Period, representing a decrease of approximately 9.4% as compared to the six months ended June 30, 2023 (“**2023 Period**”). Due to the Group’s continuous effective management of costs and improvement operating efficiency, the gross profit margin of the Group increased to approximately 17.2% for the Period (2023 Period: approximately 14.9%). The profit attributable to owners of the Company amounted to approximately HK\$5.9 million for the Period, representing a sharp increase by approximately 1,103.3% as compared to that of the 2023 Period.

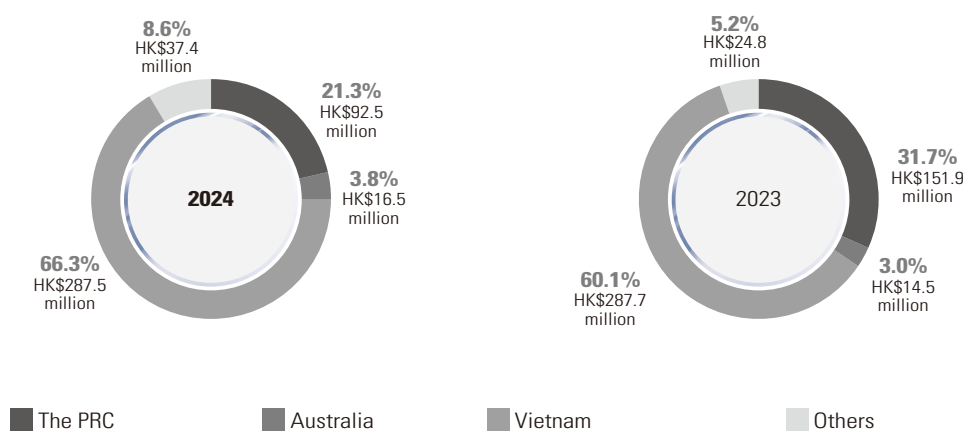
Revenue

The following charts show the breakdown of revenue by products for the Period and for the 2023 Period:



The Group's revenue derived from Solar Panels, Consumer Electronics, Industrial Products and Electric Vehicles for the Period was approximately HK\$296.1 million, HK\$35.2 million, HK\$58.3 million and HK\$44.3 million respectively, accounting for approximately 68.2%, 8.1%, 13.5% and 10.2%, respectively, of the total revenue. When compared to the 2023 Period, these indicate a decrease of approximately 52.1% in Consumer Electronics, 11.1% in Industrial Products, and 3.9% in Electric Vehicles, while Solar Panels observed an increase of 0.7%. The decline in overall revenue was driven primarily by reduced sales volume in the consumer electronics and industrial products sectors, reflecting the impact of slowing economic growth within the domestic market.

The following charts show the breakdown of revenue by geographical location for the Period and for the 2023 Period:



The Group recorded a decrease in the PRC and Vietnam, representing a decrease of approximately 39.1% and 0.1% for the Period as compared with the 2023 Period. While Australia and other countries observed an increase of approximately 14.8% and 50.1% respectively. The decrease in the PRC market was mainly due to the sluggish demand for Consumer Electronics and Industrial Products.

Cost of sales

With the decrease in sales, cost of sales shrank by 11.9% from approximately HK\$407.8 million for the 2023 Period to approximately HK\$359.3 million for the Period. Such decrease was mainly due to the decrease in sales volume and the Group's continuous implementation of effective stringent cost control measures.

Gross profit and gross profit margin

During the Period, the Group's gross profit amounted to approximately HK\$74.6 million (2023 Period: approximately HK\$71.2 million) and the overall gross profit margin amounted to approximately 17.2% (2023 Period: 14.9%). The increase in gross profit and gross profit margin was primarily driven by the continuous enhancement in operating efficiency of Solar Panels products.

Distribution and selling expenses

Distribution and selling expenses decreased to approximately HK\$12.4 million for the Period from approximately HK\$13.9 million for the 2023 Period, which was primarily due to decrease in transportation costs, and sales commission. Drops in transportation costs and sales commission were in line with the decrease in sales.

Administrative expenses

Administrative expenses mainly comprise research and development costs, salaries and benefit expenses, government levies, depreciation and amortisation charges, impairment of prepayment and reversal of provision for doubtful debts. Administrative expenses decreased to approximately HK\$69.7 million for the Period from approximately HK\$86.0 million for the 2023 Period, which was primarily due to a decrease in impairment of prepayment of approximately HK\$13.1 million as compared to 2023 Period.

Other income

Other income decreased from approximately HK\$31.1 million for the 2023 Period to approximately HK\$4.3 million for the Period. The decrease was mainly due to decrease in the gain on disposal of a subsidiary of approximately HK\$9.1 million, inventory surplus of approximately HK\$7.1 million, and write back of payables of approximately HK\$5.8 million for the Period.

Other gains/(losses) – net

Other losses were approximately HK\$0.4 million for the 2023 Period and other gain was approximately HK\$4.5 million for the Period. The primary contributor to the gain recorded during the Period was the gain from changes in fair value of derivative financial instruments of approximately HK\$2.9 million during the Period.

During the Period, the Group entered into aluminium future contracts in order to manage its exposure to the price risk of aluminium. The gain from changes in fair value of derivative financial instruments – aluminium future contracts was approximately HK\$2.9 million for the Period compared to the loss from changes in fair value of derivative financial instruments of approximately HK\$0.4 million for the 2023 Period.

Finance income

Finance income increased from approximately HK\$0.9 million for the 2023 Period to approximately HK\$10.3 million for the Period. It mainly comprised of interest income earned on bank deposit.

Finance costs

Finance costs amounted to approximately HK\$5.7 million for the Period compared to approximately HK\$8.1 million for the 2023 Period. The decrease in finance costs was primarily attributed to the successful refinancing of higher interest rate bank loans with loans carrying more favorable interest rates during the Period. This strategic debt management resulted in a decrease in interest expenses compared to the 2023 Period.

Income tax credit

Income tax credit mainly represented amounts of current tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the PRC. During the Period, no provision for profits tax in Hong Kong and the PRC was made since the Group has sufficient tax losses brought forward to set off against assessable profits for the Period.

No income tax occurred for the Period, compared to the income tax credits of approximately HK\$6.8 million for the 2023 Period, which is due to the over-provision of profits tax in Hong Kong and Australia in previous years.

PROSPECT

Looking to the second half of 2024, we expect the ongoing market rationalization to create a more stable environment, driving improvements in our earnings across various product segments. However, persistent macroeconomic challenges and global uncertainties may pose risks to this progress. In line with our strategic vision, we are committed to enhancing our operational capabilities and exploring new growth opportunities.

In 2024, we will prioritize establishing a robust global supply assurance capability to ensure seamless delivery and capacity. This initiative aims to address global tensions and regulations, strengthening our position in overseas markets. By mitigating supply chain risks and enhancing our ability to meet international demands, we aim to maintain our competitive edge. We will refine sales processes using data analytics and customer insights, build deeper client relationships, and provide advanced technical solutions. Additionally, we will continuously review our plant and equipment to maximize efficiency. This comprehensive approach aims for sustained revenue growth and market leadership.

The Group remains steadfast in its strategic objectives, continuously pursuing opportunities for growth and profitability. Management will diligently monitor and review the overall operational and financial performance of the Group's business to adapt to the ever-changing business environment. By maintaining alignment with our strategic focus areas and leveraging our past achievements, we are poised to meet our goals for 2024 and beyond. Our unwavering commitment to excellence in high value product, supply chain management, innovation, sales, as well as environment, social and governance responsibilities will drive our sustained growth and success in the industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group principally finances its operations through internally generated cash flow and borrowings. As at June 30, 2024, the Group had approximately HK\$420.8 million cash and cash equivalents (as at December 31, 2023: approximately HK\$226.2 million), approximately HK\$60.2 million pledged bank deposits (as at December 31, 2023: approximately HK\$82.7 million) and interest-bearing borrowings of approximately HK\$272.4 million denominated in Renminbi (“**RMB**”) (as at December 31, 2023: approximately HK\$210.6 million denominated in RMB).

CHARGES ON ASSET

As at June 30, 2024, assets with a total carrying amount of approximately HK\$260.2 million (as at December 31, 2023: approximately HK\$206.6 million) of the Group were pledged, including property, plant and equipment, right-of-use assets and bank deposits for the Group's borrowings.

CAPITAL STRUCTURE

As at June 30, 2024 and December 31, 2023, the Company's issued share capital was HK\$120,000,000, divided into 1,200,000,000 shares of HK\$0.1 each.

FOREIGN EXCHANGE AND OTHER RISK

The Group continued to receive United States Dollar and RMB from our sales to major customers during the Period, while most of the Group's purchases of raw materials were settled in RMB. As RMB is not a freely convertible currency, any fluctuation in exchange rate of USD against RMB may have impact on the Group's results. Currently, the Group has not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of USD and RMB may have an impact on the operating results of the Group.

CAPITAL COMMITMENTS

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at June 30, 2024 amounted to approximately HK\$15.0 million (as at December 31, 2023: approximately HK\$16.1 million), which was mainly related to the acquisition of machineries.

CONTINGENT LIABILITIES

As at June 30, 2024, the Group had no contingent liabilities (as at December 31, 2023: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph headed “Prospect”, the Group had no other future plans for material investments or capital assets as at June 30, 2024.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at June 30, 2024, the Group employed approximately 854 staff (as at December 31, 2023: 842). The Group’s remuneration package is determined with reference to the experience and qualifications of the individual employee and general market conditions. The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and share incentives. The Group also ensures that all employees are provided with adequate training and continued professional development opportunities according to their needs. During the Period, the Group incurred staff costs (including Directors’ emoluments) of approximately HK\$34.1 million (2023 Period: approximately HK\$39.0 million). The Directors’ fees are subject to shareholders’ approval at general meetings every year. Other emoluments are determined by the Board with reference to Directors’ duties, responsibilities and performance, the results of the Group and the prevailing market rates.

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2024 and up to the date of this announcement.

OTHER INFORMATION

INTERIM DIVIDEND

At the meeting of the Board held on August 22, 2024, the Board did not declare an interim dividend for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company and any of its subsidiaries have not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to corporate success and to enhance the shareholders' value. The Group has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules throughout the Period with the exception of the following deviation:

Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Since July 1, 2022, the chairman and chief executive officer of the Company are performed by same individual, Mr. Pan Zhaolong. The Board would meet regularly to consider major matters affecting the operations of the Company. It is considered that this structure would not impair the balance of power and authority between the Directors and the management of the Company and believe that the current structure would enable the Group to make and implement decisions promptly and efficiently. However, going forward, the Board will review from time to time the need to separate the roles of the chairman and the chief executive officer if the situation warrants it.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") set out in Appendix C3 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. The Company, having made specific enquiry, all Directors confirmed that they had complied with the Model Code provisions during the Period.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive Directors, namely Dr. Cheung Wah Keung, Mr. Chan Kai Nang and Mr. Man Yiu Kwong Nick.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, as well as the unaudited consolidated interim financial statements for the Period and has recommended their adoption to the Board.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements for the Period has not been audited, but has been reviewed by the Audit Committee.

PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the websites of the Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.palum.com>). The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

On behalf of the Board of
PanAsialum Holdings Company Limited
Pan Zhaolong
Chairman and Executive Director

Hong Kong, August 22, 2024

As at the date of this announcement, the executive directors of the Company are Mr. Pan Zhaolong and Mr. Ho Pak Yiu; the non-executive director of the Company is Ms. Lam Yuen Man Maria; and the independent non-executive directors of the Company are Dr. Cheung Wah Keung, Mr. Chan Kai Nang and Mr. Man Yiu Kwong Nick.