联洋智能
PAD

Pan Asia Data Holdings Inc.
聯洋智能控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1561)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Pan Asia Data Holdings Inc. ("**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**563,539**	441,913
Cost of sales		**(161,149)**	(174,297)
Gross profit		**402,390**	267,616
Other income		**2,638**	4,005
Other gains and losses, net	*5*	**(94,840)**	5,222
Impairment losses under expected credit loss model, net of reversal	*6*	**(1,147)**	(3,361)
Distribution and selling expenses		**(117,578)**	(55,888)
Administrative expenses		**(104,187)**	(109,091)
Research and development expenses		**(222,054)**	(188,471)
Finance costs	*7*	**(10,936)**	(15,962)
Share of results of associates		**(402)**	(150)
Loss before taxation	*8*	**(146,116)**	(96,080)
Income tax credit	*9*	**13,653**	6,864
Loss for the year from continuing operations		**(132,463)**	(89,216)
Discontinued operation			
Loss for the year from discontinued operation	*18(a)*	**(5,814)**	(13,517)
Loss for the year		**(138,277)**	(102,733)

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		**(15,090)**	(66,499)
— Share of other comprehensive expense of associates		**(3,151)**	(11,231)
Other comprehensive expense for the year, net of tax		**(18,241)**	(77,730)
Total comprehensive expense for the year		**(156,518)**	(180,463)
Loss for the year attributable to:			
— Owners of the Company		**(59,900)**	(85,329)
— Non-controlling interests		**(78,377)**	(17,404)
		(138,277)	(102,733)
Loss for the year attributable to owners of the Company arises from:			
— Continuing operations		**(55,709)**	(73,906)
— Discontinued operation		**(4,191)**	(11,423)
		(59,900)	(85,329)
Total comprehensive expense for the year attributable to:			
— Owners of the Company		**(73,343)**	(144,352)
— Non-controlling interests		**(83,175)**	(36,111)
		(156,518)	(180,463)
Total comprehensive expense for the year attributable to owners of the Company arises from:			
— Continuing operations		**(58,589)**	(88,437)
— Discontinued operation		**(14,754)**	(55,915)
		(73,343)	(144,352)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	*11*	**(HK6.6) cents**	(HK11.1) cents
From continuing operations			
Basic and diluted	*11*	**(HK6.1) cents**	(HK9.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**16,527**	143,512
Right-of-use assets		**13,814**	57,818
Intangible assets		**367,599**	369,558
Interests in associates		**–**	143,957
Financial assets at fair value through profit or loss	*12*	**88,281**	–
Deferred tax assets		**9,148**	21,929
Deposits paid for non-current assets		**–**	2,728
		495,369	739,502
Current assets			
Inventories		**146**	63,593
Trade and other receivables	*13*	**370,977**	466,720
Tax recoverable		**–**	515
Financial assets at fair value through profit or loss	*12*	**22,070**	33,583
Retained interest in the deconsolidated subsidiaries	*18*	**508,618**	–
Restricted bank deposits		**109,356**	154,368
Bank balances and cash		**122,176**	212,775
		1,133,343	931,554
Current liabilities			
Trade and other payables	*14*	**464,692**	475,481
Lease liabilities		**4,662**	8,886
Penalty payable	*15*	**97,434**	–
Borrowings	*16*	**5,277**	576,898
Convertible bonds — debt component	*17*	**55,501**	49,985
Convertible bonds — embedded derivative component	*17*	**–**	76
Financial guarantee contract liabilities	*18*	**526,961**	–
Tax payable		**–**	799
		1,154,527	1,112,125
Net current liabilities		**(21,184)**	(180,571)
Total assets less current liabilities		**474,185**	558,931

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**14,031**	40,025
Borrowings	*16*	**210**	–
Lease liabilities		**3,202**	4,405
		17,443	44,430
Net assets		**456,742**	514,501
Capital and reserves			
Share capital		**10,654**	8,543
Reserves		**219,069**	194,448
Equity attributable to owners of the Company		**229,723**	202,991
Non-controlling interests		**227,019**	311,510
Total equity		**456,742**	514,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group is principally engaged in big data services and third-party payment services.

As detailed in Note 18 to the consolidated financial statements, during the year ended 31 December 2023, Rookwood Investments Limited ("**Rookwood**"), a wholly-owned subsidiary of the Company, was deconsolidated due to the default event of loan. As Rookwood and its subsidiaries form a separate operating segment of coatings business, and therefore it is classified as a discontinued operation. Accordingly, certain comparative information related to the discontinued operation has been re-presented in these consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which also is the functional currency of the Company, unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

    Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Except as described above, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the disclosure requirements of Hong Kong Companies Ordinance ("**CO**").

During the year, the Group has incurred a loss of approximately HK$138,277,000. Furthermore, as at 31 December 2023, the Group had net current liabilities of approximately HK$21,184,000. In assessing the appropriateness of the adoption of the going concern basis in the preparation of the Group's consolidated financial statements, the directors of the Company prepared a cash flow forecast, covering a period of fifteen months from the end of the reporting period (the "**Cash Flow Forecast**") with careful consideration to the future liquidity and financial performance of the Group and its available sources of financing. In preparing the Cash Flow Forecast, the directors of the Company have taken into account the following measures which the Group makes every effort to implement:

(i) to obtain additional funds by equity financing and long-term debt financing to settle the convertible bonds plus default interests and the penalty payable and to finance the Group's working capital;

(ii) to actively negotiate with the People's Bank of China ("the **PBOC**") for the extension of repayments of penalty payable;

(iii) to obtain proceeds from selling the retained interest in the deconsolidated subsidiaries for the Group to settle the financial guarantee contract liabilities (Note 18); and

(iv) to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations.

Based on the Cash Flow Forecast, assuming the above measures can be successfully implemented as planned, the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations to enable the Group to continue as a going concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

4. REVENUE AND SEGMENTAL INFORMATION

Disaggregation of revenue from contracts with customers from continuing operations within the scope of HKFRS 15:

	2023	2022
	HK$'000	*HK$'000*
		(restated)
From continuing operations:		
Provision of big data services		
— Data analytics services	**561,399**	397,021
Provision of third-party payment services		
— Commission income	**930**	43,834
— Fintech enabling service income	**–**	303
— Others	**1,210**	755
	2,140	44,892
	563,539	441,913
Timing of revenue recognition		
— A point in time	**563,539**	441,913

Operating segments

The Group has determined the operating segments based on the internal reports reviewed and used by the executive directors of the Company, who are the chief operating decision makers ("**CODM**"), for strategic decision making.

The CODM consider the business from a product and service perspective. The Group is organised into certain business units according to the nature of the products sold or services provided. The CODM review operating results and financial information of each business unit separately. Accordingly, each business unit is identified as an operating segment. These operating segments with similar economic characteristics and similar nature of products sold or services provided have been aggregated into the following reporting segments.

Big data services	— Provision of big data services (continuing operation)
Third-party payment services	— Provision of third-party payment services (continuing operation)
Coatings	— Manufacturing and trading of coatings (discontinued operation)

The Group deconsolidated a subsidiary, Rookwood, which Rookwood and its subsidiaries represent a separate operating segment of coatings business during the year ended 31 December 2023 and was classified as a discontinued operation. Accordingly, certain comparative information related to the discontinued operation has been re-presented in these consolidated financial statements. The segment information reported as below does not include any amounts for the discontinued operation separated presented, which are described in more details in Note 18.

Segment revenues and results from continuing operations

The Group's revenue and results by operating and reportable segments are presented below:

Year ended 31 December 2023

	Big data services *HK$'000*	Third-party payment services *HK$'000*	Total *HK$'000*
Segment revenue and external revenue	**561,399**	**2,140**	**563,539**
Results			
Segment profits/(losses)	**49,435**	**(123,657)**	**(74,222)**
Interest income			**874**
Unallocated corporate other income			**206**
Unallocated corporate expenses			**(62,787)**
Unallocated corporate other gains and losses, net			**1,151**
Finance costs			**(10,936)**
Share of results of associates			**(402)**
Loss before taxation from continuing operations			**(146,116)**
Income tax credit			**13,653**
Loss for the year from continuing operations			**(132,463)**

Year ended 31 December 2022 (restated)

	Big data services *HK$'000*	Third-party payment services *HK$'000*	Total *HK$'000*
Segment revenue and external revenue	397,021	44,892	441,913
Results			
Segment profits/(losses)	29,448	(21,299)	8,149
Interest income			140
Unallocated corporate expenses			(91,870)
Unallocated corporate other gains and losses, net			3,613
Finance costs			(15,962)
Share of results of associates			(150)
Loss before taxation from continuing operations			(96,080)
Income tax credit			6,864
Loss for the year from continuing operations			(89,216)

Segment profits/(losses) represent the results of each segment without allocation of corporate items, including interest income, net gain on disposal of property, plant and equipment, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, gain on fair value change of convertible bonds, gain on disposal of subsidiaries, finance costs and share of results of associates. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.

5. OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
From continuing operations:		
Net exchange gain	**13**	162
Gain on fair value change of convertible bonds *(Note 17)*	**76**	3,463
Gain on fair value change of financial assets at fair value through profit or loss	**1,170**	1,128
Net gain on disposal of property, plant and equipment	**180**	–
Gain on disposal of a subsidiary	**831**	–
Net gain on lease modification	**–**	553
Penalty expense *(Note)*	**(97,434)**	–
Others	**324**	(84)
	(94,840)	5,222

Note: It represents the penalty expense of approximately HK$97,434,000 charged to the Group during the year. For the details, please refer to Note 15.

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
From continuing operations:		
Impairment losses recognised in respect of:		
— Trade receivables	**1,064**	2,481
— Other receivables and deposits	**83**	880
	1,147	3,361

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
From continuing operations:		
Interest on bank borrowing and other borrowing	**5,077**	4,654
Interest on lease liabilities	**343**	460
Effective interest expense on convertible bonds *(Note 17)*	**5,516**	8,361
Imputed interest on promissory note *(Note)*	**–**	2,487
	10,936	15,962

Note: Amount represented imputed interest on promissory note, which was fully settled during the year ended 31 December 2022.

8. LOSS BEFORE TAXATION

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss before taxation from continuing operations has been arrived at after charging:		
Directors' emoluments		
— Fee	**720**	705
— Salaries and other benefits	**9,965**	9,224
— Discretionary bonuses	**1,551**	1,969
— Retirement benefit scheme contributions	**253**	359
	12,489	12,257
Other staff costs:		
— Salaries and other benefits	**107,443**	76,222
— Retirement benefit scheme contributions	**9,440**	7,421
Total staff costs	**129,372**	95,900
Depreciation of property, plant and equipment	**16,332**	12,762
Depreciation of right-of-use assets	**7,789**	7,444
Amortisation of intangible assets	**1,959**	1,959
Total depreciation and amortisation	**26,080**	22,165
Auditor's remuneration		
— Audit services	**2,650**	3,080
— Non-audit services	**1,060**	1,080
Donation	**–**	21

9. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
From continuing operations:		
Deferred tax credit	**(13,653)**	(6,864)

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands ("**BVI**") are exempted from profits tax under the tax laws of the Cayman Islands and the BVI.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the year ended 31 December 2023 and 31 December 2022, there is no assessable profits derived from the subsidiaries in Hong Kong.

Under the Law of the PRC in Enterprise Income tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the applicable tax rate for the Group's subsidiaries registered in the PRC are 25% for both years. One of the Group's subsidiary, 聯洋國融(北京)科技有限公司 (Lian Yang Guo Rong (Beijing) Science and Technology Co., Ltd.) ("**LYGR (Beijing)**") obtained qualification as a high and new technology enterprise on 25 October 2021, which is valid for three years. Hence, LYGR (Beijing) is subject to the preferential tax treatment and the applicable tax rate for the year ended 31 December 2023 is 15% (2022: 15%).

Pursuant to the EIT Law, an additional tax deduction is allowed on research and development expenses incurred, subject to the approval by the tax authorities. Certain subsidiaries of the Group has obtained the approval, and an additional deduction is calculated at 100% of the actual research and development expenses incurred starting from 1 January 2021.

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed after the end of reporting period.

11. LOSS PER SHARE

For continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss for the year attributable to owners of the Company	**(59,900)**	(85,329)
Less: loss for the year from discontinued operation attributable to owners of the Company	**4,191**	11,423
Loss for the purpose of basic loss per share from continuing operations	**(55,709)**	(73,906)

	2023	2022
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**913,358**	770,131

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for share capitalisation and subscriptions completed on 18 April 2023, 30 June 2023, 20 October 2023 and 30 October 2023 (2022: share subscription completed on 28 November 2022).

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(59,900)**	(85,329)

The denominators used to calculate loss per share of continuing and discontinued operations and loss per share of continuing operations are the same as those detailed above for both basic and diluted loss per share.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and share options since their assumed exercises would result in a decrease in loss per share.

For discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.5 cents per share (2022: HK1.5 cents per share), based on the loss for the year from the discontinued operation of approximately HK$4,191,000 (2022: HK$11,423,000) and the denominators detailed above for both basic and diluted loss per share.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Unlisted equity investments *(Note)*	**88,281**	–
Financial products	**22,070**	33,583
	110,351	33,583
Analysed for reporting purpose as:		
Non-current assets	**88,281**	–
Current assets	**22,070**	33,583
	110,351	33,583

Note: On 7 September 2023, a non-wholly-owned subsidiary of the Company, as a limited partner, and the general and executive partner, being independent third party to the Group, entered into a limited partnership, namely 蕪湖朗亞聯洋一號投資基金合夥企業(有限合夥) (Wuhu Langya Lianyang No. 1 Investment Fund Partnership (Limited Partnership) ("**Wuhu Limited Partnership**"), pursuant to the partnership agreement ("**Wuhu Partnership Agreement**") for carrying out investments primarily in strategic emerging industries such as internet, big data, cloud computing and artificial intelligence. Pursuant to the Wuhu Partnership Agreement, the maximum total capital contribution of the Wuhu Limited Partnership is limited to RMB81,000,000 and the investment period is five years from the date of incorporation. As at 31 December 2023, the Group contributed RMB80,000,000 (equivalent to approximately HK$88,281,000), representing equity interest of approximately 98.8%, into Wuhu Limited Partnership.

Notwithstanding the Group has the equity interest of approximately 98.8%, pursuant to Wuhu Partnership Agreement, the executive partner has the exclusive right to make all decisions on the financial and operating policies. In addition, the limited partner can only remove the executive partner on the occurrence of an event of cause such as breach of contract, fraud, felony or gross negligence and therefore the kick-out right is not considered to have any substance. Based on the foregoing, the Directors are of opinion that the Group has neither significant influence, joint control nor control over the Wuhu Limited Partnership and therefore it is classified as non-current financial assets at fair value through profit or loss.

As at 31 December 2023, in the opinion of the directors of the Company, no fair value change is recognised in profit or loss during the year ended 31 December 2023 as the investment was acquired by the Group near the year end.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**227,394**	285,131
Less: loss allowance on trade receivables	**(30,462)**	(31,430)
	196,932	253,701
Bills receivables	**–**	6,120
Total trade and bills receivables	**196,932**	259,821
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	**133,770**	125,173
— Other receivables and prepayments	**40,275**	81,726
Total trade and other receivables	**370,977**	466,720

The normal credit period for customers is 30–90 days and all bills receivable mature within a period of 30 days to 180 days. The following is an aging analysis of trade and bills receivables net of loss allowance presented based on the invoice date at the end of the reporting period.

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**11,743**	66,517
31–60 days	**54,014**	48,657
61–90 days	**50,478**	37,631
91–180 days	**19,952**	31,879
Over 180 days	**60,745**	75,137
	196,932	259,821

14. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**193,150**	200,353
Accrued staff cost	**28,887**	22,566
Payables to merchants	**51,828**	52,577
Unutilised float funds *(Note)*	**94,455**	95,819
Other payables and accruals	**96,372**	104,166
	464,692	475,481

Note: The balances represented amounts prepaid by the third-party payment accounts' holders to the Group and unutilised at the end of the reporting periods. The Group is required to pay to the merchants from these funds when the third-party payment accounts' holders make purchase transactions with respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Group and individual merchants and number of purchase transactions.

The credit period on purchases of goods and service provided from suppliers is 30–60 days (2022: 30–180 days). The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**37,877**	93,999
31–60 days	**8,580**	14,799
61–90 days	**9,232**	11,340
Over 90 days	**137,461**	80,215
	193,150	200,353

15. PENALTY PAYABLE

得仕股份有限公司 (Day's Enterprise Company Limited*) ("**Days Services**"), the Group's indirect non-wholly owned subsidiary, holds a license issued by the PBOC authorising the provision of third-party payment services in the PRC (the "**Payment License**") which was expired on 28 August 2021. An application had been made for a renewal of the Payment License (the "**Application**"). On 29 August 2021, Days Services was informed that the PBOC had decided to suspend the review process pending further clarification and/or verification of certain information in relation to Days Services' suitability to continue to be a licensee, and will resume the review process of the renewal afterwards.

In December 2023, Days Services received an Administrative Penalty Decision Shang Hai Yin Fa Zi ([2023] No.30)* (行政處罰決定書(上海銀罰字[2023]30號)) dated 19 December 2023 issued by the PBOC Shanghai Branch whereby the PBOC had completed the special enforcement investigation against Days Services pursuant to the relevant laws and it was found that Days Services had committed certain violations against the rules of Administrative Measures for the Bank Card Acquiring Business* (銀行卡收單業務管理辦法), Administrative Measures for the Online Payment Business of Non-bank Payment Institutions* (非銀行支付機構網絡支付業務管理辦法) and Notice by the People's Bank of China of Matters concerning Further Strengthening Administration of Payment and Settlement to Prevent New Types of Telecommunications and Online Illegal and Criminal Activities* (中國人民銀行關於進一步加強支付結算管理防範電信網絡新型違法犯罪有關事項的通知). The PBOC had decided to impose a penalty of approximately RMB88,731,000 (equivalent to approximately HK$97,434,000) (the "**Penalty**") which is due within 15 business days. The amount of approximately HK$97,434,000 was provided for and charged to the consolidated statement of profit or loss and other comprehensive income under other gains and losses (Note 5).

In respect of the Penalty, the Group is still in the course of negotiation with the PBOC to settle the Penalty by installment until 31 March 2025. Meanwhile, on 9 February 2024, Day's Services was informed that the PBOC had decided to resume the review process in respect of the Application submitted in 2021. Up to the date of this announcement, the proposed repayment schedule of the Penalty and the Application are still under the review of the PBOC.

16. BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Secured		
— Bank borrowing *(Note (i))*	**–**	10,075
— Other borrowing *(Note (ii))*	**–**	500,000
Unsecured		
— Bank borrowing *(Note (iii))*	**210**	–
— Other borrowing *(Note (iv))*	**5,277**	66,823
	5,487	576,898

The exposure of the bank and other borrowings and the contractual maturity dates are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**5,277**	576,898
Within a period of more than one year but not exceeding two years	**210**	–
	5,487	576,898
Less: Amount due for settlement within one year shown under current liabilities	**(5,277)**	(576,898)
Amount due for settlement after one year shown under non-current liabilities	**210**	–

Notes:

(i) As at 31 December 2022, the Group had fixed-rate bank borrowing of RMB9,000,000 (equivalent to approximately HK$10,075,000), which was denominated in Renminbi ("**RMB**") and carried interest at 4.5% per annum. The bank borrowing was secured by the personal guarantees and is repaid on 7 September 2023.

(ii) As at 31 December 2022, the Group had fixed-rate other borrowing of HK$500,000,000, which was denominated in HK$ and carried an interest rate of 7% per annum and is repayable on 29 November 2023 and is non-recourse to the Company. The other borrowing was secured by charges over a debt owed to the Company by a wholly-owned subsidiary of the Company and over the equity interest of a wholly-owned subsidiary of the Company. As described in Note 18, as Rookwood is deconsolidated on 20 November 2023, the whole loan balance is derecognised upon the deconsolidation.

(iii) As at 31 December 2023, the Group had fixed-rate bank borrowing of RMB190,000 (equivalent to approximately HK$210,000) (2022: nil), which was denominated in RMB and carried interest at 9.792% per annum. The bank borrowing was unsecured and is repayable in 2025.

(iv) As at 31 December 2023, the Group had two (2022: three) fixed-rate other borrowings totaling of approximately HK$5,277,000 (2022: HK$12,708,000), which were all denominated in HK$ and carried interest at 1.5% per month (2022: 1.5% per month). The borrowings are unsecured and repayable in 2024 (2022: repayable in 2023).

As at 31 December 2022, the Group had a fixed-rate other borrowing of HK$3,000,000, which was denominated in HK$ and carried interest at 12% per annum. The borrowings were unsecured and repayable in 2023. The amount is settled in 2023 by way of debt capitalisation completed on 18 April 2023.

As at 31 December 2022, the Group had three fixed-rate other borrowings of HK$7,000,000, US$1,500,000 (equivalent to approximately HK$11,675,000) and RMB27,000,000 (equivalent to approximately HK$32,440,000) respectively, carried interest at 6% per annum. The other borrowings were unsecured and repayable in 2023. All the other borrowings are settled in 2023 by way of debt capitalisation completed on 18 April 2023.

17. CONVERTIBLE BONDS

On 22 December 2021, the Company issued convertible bonds in an aggregate principal amount of HK$46,000,000 (the "**Convertible Bonds**") in Hong Kong with a coupon rate of 6.0% per annum and a maturity of 18 months. The conversion period is the thirtieth day up to the seventh day prior to 22 June 2023 (the "**Maturity Date**") and the price of shares to be issued in exercise of the right of conversion is initially HK$2.4 per share and the conversion price of Convertible Bonds would be adjusted accordingly when the Company distributes stock dividends, issues new shares or places new shares, distributes cash dividend. On the Maturity Date, the Company would redeem all outstanding Convertible Bonds at 106% of the principal amount together with interest accrued up to Maturity Date. Details of the Convertible Bonds are set out in the Company's announcements dated 29 November 2021 and 22 December 2021.

No conversion or redemption of the Convertible Bonds has occurred up to Maturity Date. Subsequent to the default of the Convertible Bonds, an additional interest will be accrued at the rate of 10% per annum from the date of occurrence of default until all sums due in respect of such Convertible Bonds are fully settled. Up to the date of this announcement, the negotiation with the bondholders in respect of the repayment is still in progress.

As at 31 December 2023, the Company was in default under the terms and conditions of the relevant agreements of the Convertible Bonds for the aggregate principal amount and interests of approximately HK$55,501,000.

The movement of Convertible Bonds is as follows:

	Debt component	**Embedded derivative component** *(Note)*	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2022	41,624	3,539	45,163
Gain arising on changes in fair value *(Note 5)*	–	(3,463)	(3,463)
Interest charge *(Note 7)*	8,361	–	8,361
As at 31 December 2022 and 1 January 2023	**49,985**	**76**	**50,061**
Gain arising on changes in fair value *(Note 5)*	**–**	**(76)**	**(76)**
Interest charge *(Note 7)*	**5,516**	**–**	**5,516**
As at 31 December 2023	**55,501**	**–**	**55,501**

Note: Binomial option pricing model is used for valuation of the derivative component.

18. DISCONTINUED OPERATION

BH Management Company Limited (the "**Lender**") and Rookwood, a wholly-owned subsidiary of the Company, entered into a loan agreement dated 26 November 2019 and a supplemental loan agreement dated 29 November 2021, pursuant to which, the Lender loaned to Rookwood HK$500,000,000 ("**Defaulted Loan**") at an interest rate of 7% per annum secured by charges over shares in and assets of Rookwood and its subsidiaries and due for repayment on 29 November 2023.

On 13 November 2023, Rookwood received a letter of demand dated 13 November 2023 from a lawyer who acts on behalf of the Lender specifying that since Rookwood had failed to pay the interest payables since June 2023, the securities shall become immediately enforceable if the principal amount plus outstanding interests totally HK$525,250,271.97 , in aggregate as at 12 November 2023, had failed to be repayable within three days, i.e. 16 November 2023. As Rookwood had failed to repay all amounts demanded under the letter of demand and thus, the pledged shares, which is the entire equity interest in Rookwood, are transferred to Lender's nominee, Wooco Secretarial Services Limited, on 20 November 2023. The Group has lost control over Rookwood and the subsidiaries held by Rookwood since then and is thereafter deconsolidated accordingly.

The details of above are set out in the Company's announcements dated 15 November 2023, 20 November 2023, 26 November 2023, 4 December 2023 and 5 December 2023.

On 29 November 2023, the maturity date of the Defaulted Loan, the Group's total indebtedness for the Defaulted Loan was approximately HK$526,961,000 (the "**Indebtedness**"). This amount represents the combined total of the outstanding principal and interest that the Group is obligated to repay to the Lender, which is accounted for as financial guarantee contract liabilities in the Group's consolidated statement of financial position.

Retained interest in the deconsolidated subsidiaries represents the fair value of Rookwood and its subsidiaries at the date of deconsolidation, which is measured using discounted cash flows projection with reference to financial budgets covering a five-year period.

The amount was recognised at the date of deconsolidation of Rookwood, on 20 November 2023. The Lender is conducting the disposal of the equity interests in Rookwood, either through private treaty or public auction. Upon successful disposal of the equity interests in Rookwood, the sales proceeds will be used to settle the Group's Indebtedness, and the Group is entitled to the balance of the sales proceeds after deducting the necessary expenses and repaying all the Indebtedness owed to the Lender. The retained interest in the deconsolidated subsidiaries and financial guarantee contract liabilities are presented in the consolidated statement of financial position in a gross basis as the Group does not have a legally enforceable right to set off the balances.

In view that the deconsolidation occurred near year end, the fair value change is considered insignificant, and there is no movement in the carrying amount of retained interest in the deconsolidated subsidiaries from 20 November 2023 to 31 December 2023.

As the results of Rookwood and its subsidiaries form a separate operating segment of coatings business, and therefore it is classified as a discontinued operation. The carrying amounts of assets and liabilities of Rookwood and its subsidiaries at the date of deconsolidation, and the results of the discontinued operation, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

(a) Results of discontinued operation

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the discontinued operation.

	Year ended 31 December 2023 ***HK$'000***	Year ended 31 December 2022 *HK$'000*
Loss for the period/year from discontinued operation	**(35,357)**	(13,517)
Gain on disposal of discontinued operation	**29,543**	–
	(5,814)	(13,517)

The results of the discontinued operation for the period from 1 January 2023 to 20 November 2023 and for the year ended 31 December 2022, which have been included in the consolidated statement of profit or loss and other comprehensive income:

	From 1 January 2023 to 20 November 2023 ***HK$'000***	Year ended 31 December 2022 *HK$'000*
Revenue	**389,118**	385,919
Cost of sales	**(299,798)**	(303,992)
Gross profit	**89,320**	81,927
Other income	**18,966**	24,118
Other gains and losses, net	**3,299**	9,508
Impairment losses under expected credit loss model, net of reversal	**(11,273)**	(566)
Distribution and selling expenses	**(27,602)**	(32,838)
Administrative expenses	**(58,556)**	(63,730)
Finance costs	**(33,108)**	(35,719)
Share of results of associates	**(15,482)**	4,695
Loss before taxation	**(34,436)**	(12,605)
Income tax expenses	**(921)**	(912)
Loss after taxation	**(35,357)**	(13,517)

Loss before taxation from discontinued operation has been arrived at after charging:

	From 1 January 2023 to 20 November 2023	For the year ended 31 December 2022
	HK$'000	*HK$'000*
Other staff costs:		
— Salaries and other benefits	**90,114**	111,634
— Retirement benefit scheme contributions	**8,810**	10,201
Total staff costs	**98,924**	121,835
Depreciation of property, plant and equipment	**12,488**	15,804
Depreciation of right-of-use assets	**4,977**	6,275
Total depreciation and amortisation	**17,465**	22,079
Loss on disposal of property, plant and equipment	**59**	310
Donation	**218**	772

The net cash flows incurred by the discontinued operation are as follows:

	From 1 January 2023 to 20 November 2023	For the year ended 31 December 2022
	HK$'000	*HK$'000*
Net cash inflows from operation activities	**19,779**	21,071
Net cash inflows from investing activities	**7,485**	10,326
Net cash outflows from financing activities	**(21,341)**	(40,490)
Net increase/(decrease) in cash and cash equivalents	**5,923**	(9,093)

(b) Assets and liabilities of Rookwood and its subsidiaries at the date of deconsolidation

	HK$'000
Net liabilities of the deconsolidated subsidiaries derecognised:	
Property, plant and equipment	114,975
Right-of-use assets	40,219
Interests in associates	114,519
Deposits paid for non-current assets	2,655
Inventories	54,914
Trade and other receivables	155,291
Tax recoverable	357
Bank balances and cash	89,991
Trade and other payables	(131,769)
Lease liabilities	(3,883)
Tax payable	(927)
Borrowings	(500,000)
	(63,658)
Gain on deconsolidation of the subsidiaries:	
Net liabilities of deconsolidated subsidiaries derecognised	63,658
Release of exchange fluctuation reserve upon deconsolidation	(15,772)
	47,886
Assets and liabilities retained from deconsolidation	(18,343)
	29,543
Assets and liabilities retained from deconsolidation:	
Retained interest in the deconsolidated subsidiaries	508,618
Financial guarantee contract liabilities	(526,961)
	(18,343)
Net cash outflow arising on deconsolidation:	
Bank balances and cash derecognised	(89,991)

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND FINANCIAL OVERVIEW

The Group had a consolidated revenue from continuing operations of approximately HK$563,539,000 (2022: HK$441,913,000) for the year ended 31 December 2023. This represented an increase of approximately 27.5% compared with that for the previous year mainly due to significant increase in the business activities of the Group's big data services segment.

The Group generated revenue from provision of big data services of approximately HK$561,399,000 (2022: HK$397,021,000), provision of third-party payment services of approximately HK$2,140,000 (2022: HK$44,892,000) for the year ended 31 December 2023.

Loss from continuing operations for the year ended 31 December 2023 amounted to approximately HK$132,463,000 (2022: HK$89,216,000), which was mainly attributable to the increases in other losses, distribution and selling expenses and research and development expenses which was partly offset by increase in gross profit.

Loss per share from continuing operations for the year ended 31 December 2023 was approximately HK6.1 cents (2022: HK9.6 cents).

The Group's net asset value per share attributable to owners of the Company as at 31 December 2023 was approximately HK$0.2 (2022: HK$0.2).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

BUSINESS REVIEW

Big Data Business

Lian Yang Guo Rong Holdings Limited ("**LYGR**"), a subsidiary of the Company, and its subsidiaries (the "**LYGR Group**") are principally engaged in the development of big data mining, modelling and analytics in general, and the provision of digital risk management and other digital services in retail financial services in particular (the "**Big Data Services Segment**"). The independent SaaS/PaaS cloud platform established by the LYGR Group has provided support on the artificial intelligence ("**AI**") empowered algorithm solutions, digital operation and management capabilities applied to retail finance to a large number of core customers including major banks, leading licensed consumer finance companies and large-scale personal credit digital transformation providers in China.

On this basis, the Company further focuses on and materializes comprehensive product applications and diversified scenario services by embedding its product applications into the whole life cycle of intelligent risk control platform of financial institutions in cooperation through developing differentiated and customized products, to form a closer business bond in-depth with its customers. By regular expansion into business areas and operational scenarios, it has established its core products and cultivated high-quality customers in several extended scenarios such as retail user operations, insurance risk control operations and non-financial scenario operations to reserve new business opportunities.

The Group has many years of experience in the big data analysis business of the financial field, and continues to deepen its research and development according to customers' demand and business scenarios. Despite the complex distribution and the fierce competition in the market in 2023, it still achieved rapid development with the revenue and segment profit from the Big Data Services Segment of approximately HK$561,399,000 (2022: HK$397,021,000), representing an increase of approximately 41.4%, and HK$49,435,000 (2022: HK$29,448,000) for the year ended 31 December 2023.

Third-Party Payment Services Business

Days Services, a member of the Group and a non-wholly owned subsidiary of the Company, operates a digital payment platform, which provides third-party payment services through the following services and products, namely, (1) Internet payment services, (2) prepaid card issue and management services and (3) others (the "**Third-Party Payment Services Segment**").

The Third-Party Payment Services Segment contributed revenue of approximately HK$2,140,000 (2022: HK$44,892,000), which represented a decrease of approximately 95.2%, and the segment loss increased to approximately HK$123,657,000 (2022: HK$21,299,000) for the year ended 31 December 2023.

Days Services holds the Payment License which expired on 28 August 2021. An application had been made for a renewal of the Payment License. On 29 August 2021, Days Services was informed that the PBOC had decided to suspend the review process pending further clarification and/or verification of certain information in relation to Days Services suitability to continue to be a licensee, and will resume the review process of the renewal afterwards. In the meantime, Days Services has obtained confirmation from the PBOC that Days Services is permitted to conduct its business as usual.

In December 2023, Days Services received an Administrative Penalty Decision (Shang Hai Yin Fa Zi[2023] No.30)* (《行政處罰決定書》(上海銀罰字[2023]30號)) dated 19 December 2023 issued by the PBOC Shanghai Branch whereby the PBOC had completed the special enforcement investigation against Days Services pursuant to the relevant laws and was found that Days Services had committed certain violations against the rules of Measures for the Administration of the Bank Card Acquiring Business* (銀行卡收單業務管理辦法), Administrative Measures for the Online Payment Business of Non-bank Payment Institutions* (非銀行支付機構網絡支付業務管理辦法) and Notice by the People's Bank of China of Matters concerning Further Strengthening Administration of Payment and Settlement to Prevent New Types of Telecommunications and Online Illegal and Criminal Activities* (中國人民銀行關於進一步加強支付結算管理防範電信網絡新型違法犯罪有關事項的通知). The PBOC had decided to impose a penalty of approximately RMB88,731,000 (equivalent to approximately HK$97,434,000) which is due within 15 business days. The amount of approximately HK$97,434,000 was provided for and charged to the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2023 under other gains and losses.

In respect of the Penalty, the Group is still in the course of negotiation with the PBOC to settle the Penalty by installment until 31 March 2025. Meanwhile, on 9 February 2024, Day's Services was informed that the PBOC had decided to resume the review process in respect of the Application submitted in 2021. Up to the date of this announcement, the proposed repayment schedule of the Penalty and the Application are still under the review of the PBOC.

The Company will continue to monitor the situation and updates will be announced as soon as further material information becomes available. In view of the negative contributions derived from the Third-Party Payment Services Segment over the past year, the Company is also considering other available options, including but not limited to, a disposal of its entire interest in this segment.

Overall Performance

For the year ended 31 December 2023, the consolidated gross profit from continuing operations and gross profit margin from continuing operations of the Group increased to approximately HK$402,390,000 (2022: HK$267,616,000) and approximately 71.4% (2022: 60.6%) respectively mainly due to substantial growth of revenue from the Big Data Services Segment, which has a higher gross profit margin than the Third-Party Payment Services Segment.

Other income from continuing operations of the Group decreased to approximately HK$2,638,000 (2022: HK$4,005,000) for the year ended 31 December 2023, mainly due to decrease in government grants.

Other losses from continuing operations of the Group amounted to approximately HK$94,840,000 (2022: other gains of approximately HK$5,222,000) for the year ended 31 December 2023. This was primarily due to an increase in penalty expense.

Distribution and selling expenses from continuing operations of the Group increased to approximately HK$117,578,000 (2022: HK$55,888,000) for the year ended 31 December 2023, mainly due to increase in provision for product quality guarantee deposits and staff costs from the Big Data Services Segment.

Administrative expenses from continuing operations of the Group decreased to approximately HK$104,187,000 (2022: HK$109,091,000) for the year ended 31 December 2023. The decrease was mainly attributable to decrease in staff costs from the Big Data Services Segment.

Research and development expenses from continuing operations of the Group increased to approximately HK$222,054,000 (2022: HK$188,471,000) for the year ended 31 December 2023, mainly due to increase in staff costs and technical services expenses from the Big Data Services Segment.

Finance costs from continuing operations of the Group decreased to approximately HK$10,936,000 (2022: HK$15,962,000) for the year ended 31 December 2023, mainly due to the decrease in effective interest expense on convertible bonds and imputed interest on promissory notes payables.

Income tax credit from continuing operations of the Group increased to approximately HK$13,653,000 (2022: HK$6,864,000) for the year ended 31 December 2023, which mainly represented an increase in deferred tax assets in respect of unused tax losses.

Loss for the year from discontinued operation, in relation to the coatings business, of approximately HK$5,814,000 (2022: HK$13,517,000), consisted of gain on disposal of approximately HK$29,543,000 (2022: nil) and loss after taxation of approximately HK$35,357,000 (2022: HK$13,517,000) for the year ended 31 December 2023. For details, please refer to note 18 to the consolidated financial statements in this announcement.

Others

In June 2021, the Group received an arbitral award issued by the Shanghai International Arbitration Center ("**SHIAC**") dated 18 June 2021 in relation to the arbitration proceedings ("**First Arbitration**") for the intended exercise of its right to dispose of a 40% equity interest in 萬輝泰克諾斯(常州)化工有限公司 (Manfield Teknos (Changzhou) Chemical Company Limited*) ("**Manfield Changzhou**").

The overall effect of the arbitral award, after set off, is that Teknos Group Oy, the 40% minority shareholder of Manfield Changzhou, was required to pay the Group a sum of RMB133,892.09 within 15 days of the effective date of the arbitral award, but the shareholdings of both parties in Manfield Changzhou remain unchanged. The payment had been received in July 2022. However, the arbitral decision did not fully resolve the dispute between the parties.

In 2022, Teknos Group Oy submitted a request for arbitration with SHIAC ("**Second Arbitration**") in relation to the intended exercise of its right to dispose of the 40% equity interest in Manfield Changzhou to the Group. In April 2023, the Group received an arbitration notice issued by SHIAC in relation to the Second Arbitration.

On 16 November 2023, the Group and Teknos Group Oy entered into a settlement agreement to resolve all their disputes in relation to the repurchase. The acquisition of the 40% equity interest in Manfield Changzhou by the Group forms part of the settlement between the parties. On 22 November 2023, SHIAC issued a decision on dismissal to dismiss the arbitration commenced by Teknos Group Oy.

In October 2022, a litigation claim was made against a non-wholly owned subsidiary of the Group for an outstanding loan principal and interest of approximately RMB17,999,000 (equivalent to approximately HK$20,148,000). On 29 December 2023, the litigation claim is finalised and the non-wholly owned subsidiary of the Group is obligated to the outstanding amount of approximately RMB14,376,000 (equivalent to approximately HK$15,864,000). The directors are of the opinion that an adequate amount has been recognised in the consolidated financial statements as liabilities as at 31 December 2023.

USE OF NET PROCEEDS FROM LISTING

Following the listing of its shares, the Company received net proceeds of approximately HK$119.9 million from the placing and public offer of the Company's shares in December 2015 (the "**Listing**") after the deduction of underwriting commissions and all related expenses. On 31 December 2019, the Board resolved to change the proposed use of net proceeds from the Listing. As at 31 December 2023, all proceeds from the Listing have been utilised as intended.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE, CHARGE ON ASSETS AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2023, the Group's non-current assets of approximately HK$495,369,000 (2022: HK$739,502,000) consisted of property, plant and equipment of approximately HK$16,527,000 (2022: HK$143,512,000), right-of-use assets of approximately HK$13,814,000 (2022: HK$57,818,000), intangible assets of approximately HK$367,599,000 (2022: HK$369,558,000), interests in associates of approximately HK$nil (2022: HK$143,957,000), financial assets at fair value through profit and loss of approximately HK$88,281,000 (2022: nil), deferred tax assets of approximately HK$9,148,000 (2022: HK$21,929,000) and deposits paid for non-current assets of approximately HK$nil (2022: HK$2,728,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 31 December 2023, the Group's net current liabilities amounted to approximately HK$21,184,000 (2022: HK$180,571,000).

As at 31 December 2023, the Group had total indebtedness of approximately HK$595,813,000 (2022: HK$640,250,000) which comprised borrowings, financial guarantee contract liabilities, convertible bonds and lease liabilities of approximately HK$5,487,000 (2022: HK$576,898,000), HK$526,961,000 (2022: nil), HK$55,501,000 (2022: HK$50,061,000) and HK$7,864,000 (2022: HK$13,291,000), respectively.

As at 31 December 2023, all the borrowings of the Group, except for amounts equivalent to approximately HK$210,000 (2022: HK$42,515,000) and approximately HK$nil (2022: HK$11,675,000) which was denominated in Renminbi and United States dollars respectively, were denominated in Hong Kong dollars. As at 31 December 2023 and 31 December 2022, all borrowings carried fixed interest rates. As at 31 December 2023 and 31 December 2022, the convertible bonds bear interest of 6% per annum and were denominated in Hong Kong dollars. As at 31 December 2023, subsequent to the default of the convertible bonds, an additional interest has been accrued at the rate of 10% (2022: nil) per annum from the date of occurrence of default until all sums due in respect of such convertible bonds are fully settled. Interest rates for all leases are fixed on the contract dates. As at 31 December 2022, other borrowing of HK$500,000,000 is non-recourse to the Company but is secured by charges over assets of the Company.

As at 31 December 2023, out of the total borrowings, approximately HK$5,277,000 (2022: HK$576,898,000) was repayable within one year and HK$210,000 (2022: nil) was repayable after one year. For details, please refer to note 16 to the consolidated financial statements in this announcement.

As at 31 December 2023, the gearing ratio of the Group was approximately 130.4% (2022: 124.3%), calculated by dividing total debts (which represents the sum of borrowings, financial guarantee contract liabilities, convertible bonds and lease liabilities) by total equity and then multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, divided by total equity) of the Group was approximately 79.8% (2022: 53.1%) as at 31 December 2023. The current ratio, calculated by dividing current assets by current liabilities, as at 31 December 2023 was approximately 1.0 times (2022: 0.8 times).

As at 31 December 2023, save as disclosed in note 16 to the consolidated financial statements in this announcement, the Group did not have any assets under charge/pledge.

The Group's operations are mainly located in the PRC and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong dollars. The Group closely monitors its foreign exchange exposure and considers hedging significant currency exposure should the need arise.

As at 31 December 2023, the Group had capital commitments contracted for but not provided — acquisition of property, plant and equipment of approximately HK$nil (2022: HK$1,476,000) and other commitments contracted for but not provided — proposed purchase of land of approximately HK$nil (2022: HK$6,852,000).

Contingent liabilities

At 31 December 2022, certain subsidiaries of the Group provided financial guarantees to an independent third party in favour of a loan with outstanding principal and interest of approximately RMB13,102,000 (equivalent to approximately HK$14,666,000). A minority shareholder of those subsidiaries has undertaken to assume the responsibility of the entire outstanding loan principal and interest in case of any default event. On 5 September 2023, the guarantee has discharged all its obligations related to the loan. Accordingly, no provision in relation to the guarantee has been made as at 31 December 2023.

Save from disclosed as above, the Group did not have any material contingent liabilities as at 31 December 2023 and 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other significant investments or other material acquisitions or disposals during the year ended 31 December 2023 and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

SIGNIFICANT INVESTMENTS

Save from disclosed in note 12 to the consolidated financial statements in this announcement, the Group did not have any significant investments as at 31 December 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group had 171 (2022: 864) employees as at 31 December 2023. The Group seeks to ensure that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

LYGR CGU

The Directors consider LYGR as a CGU (the "**LYGR CGU**") and the goodwill of approximately HK$114,545,000 and other intangible assets of approximately HK$259,875,000 were allocated to the LYGR CGU at the date of acquisition.

In assessing and evaluating the impairment of LYGR's goodwill and other intangible assets, the Company engaged an independent external professional qualified valuer (the "**Valuer**") to conduct a valuation of the fair value of the LYGR Group as at 31 December 2023. The Company and the Valuer adopted an income approach, specifically the discounted cash flow method to derive the value in use of the LYGR Group to derive the fair value of LYGR as at 31 December 2023 (the "**2023 Impairment Valuation**").

Based on the 2023 Impairment Valuation, the recoverable amount of the LYGR CGU is higher than the carrying amount. The Company therefore did not record any impairment of LYGR's goodwill and other intangible assets during the year ended 31 December 2023.

In the review of methods and assumptions adopted by the Valuer for the 2023 Impairment Valuation of LYGR's goodwill and other intangible assets, the Company has taken into account the following factors:

The Company noted that the Valuer primarily took into account the financial budget and forecast prepared by management of the LYGR Group when adopting the income approach for valuation, with reference to (1) the average revenue growth rate of the LYGR Group between FY2024 and FY2028; (2) gross profit margin of the LYGR Group between FY2024 and FY2028; (3) net profit margin of the LYGR Group between FY2024 and FY2028; (4) terminal growth rate; and (5) pre-tax discount rate. When assessing the fairness and reasonableness of this valuation methodology, the Company reviewed the internal control procedures in formulating and reviewing the financial budgets and forecast prepared, which includes the following:

(a) the product team of the LYGR Group assessed and estimated certain key performance indicators including consumption volume of big data services and an expected revenue based on the fees per unit charged by the LYGR Group to their customers; and

(b) the finance team of the Company further assessed the accuracy and reasonableness of the financial budgets and forecast initially proposed by the LYGR Group and submitted the same to the Board for final review.

The Company also considered the financial performance of comparable companies in the market to assess and evaluate the reasonableness of the LYGR Group's financial budgets and forecast.

PROSPECTS AND STRATEGIES

In 2023, the global economy and financial markets remained unstable, the growth of fintech industry slowed down and regional differentiation intensified, entailing an increase in business risks. During the same period, China's domestic market was relatively stable, driven by both policies and domestic demand. However, the development goals and pattern of the fintech industry have changed, and the investment direction for fintech has shifted from comprehensive investment to precise investment. The effect from digital efficiency has become more distinct, imposing challenges particularly on the core competitiveness of fintech service providers.

The Group has many years of experience in the big data analysis business of the financial field, and continues to deepen its research and development according to customers' demand and business scenarios. Despite the complex distribution and the fierce competition in the market in 2023, it still achieved rapid development with the total annual revenue of HK$561 million, representing an increase of approximately 41.4% over the corresponding period in the previous year.

Focus on, Materialization of and Specific Investment In Comprehensive Product Applications and Diversified Scenario Services for Efficacy

The independent SaaS/PaaS cloud platform established by the OPCO has provided support on the artificial intelligence empowered algorithm solutions, digital operation and management capabilities applied to retail finance to a large number of core customers including major banks, leading licensed consumer finance companies and large-scale personal credit digital transformation providers in China.

On this basis, the Company further focuses on and materializes comprehensive product applications and diversified scenario services by embedding its product applications into the whole life cycle of intelligent risk control platform of financial institutions in cooperation through developing differentiated and customized products, to form a closer business bond in-depth with its customers. By regular expansion into business areas and operational scenarios, it has established its core products and cultivated high-quality customers in several extended scenarios such as retail user operations, insurance risk control operations and non-financial scenario operations to reserve new business opportunities.

As a fintech service provider, we are also facing opportunities and adjustments arising from digital transformation. For the future, we still need to constantly make investment in research and development as well as the market, and recognize the artificial intelligence empowered algorithm solutions built by the OPCO as the cornerstone for development, for continued uplift of the Company's core competitiveness and market resources while reducing operating costs and improving service quality and efficiency. Besides, we shall make innovation and development closely following the regulatory requirements and the market demand to adapt to changes and reforms from time to time as well as those on technology, aiming at maintaining and expanding the Company's business scale and market position.

Moreover, in order to promote and enhance the long-term value for shareholders under the background of the above business development, we shall continue to conduct regular reviews on the Group's business operations and financial status in the ever-changing market conditions and economic ecosystem. Based on the review results, the Group may explore and consider the rationalization and optimization of its resource allocation, including asset disposal, joint asset acquisitions, divestiture and fund raising, in order to be well-positioned, realize and expedite the Group's long-term growth potential. If any of such opportunities materialize, the Company shall make a separate announcement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 18 April 2023, 35,963,448 new ordinary shares were allotted and issued by the Company to creditors, being third party independents of the Group, at the subscription price of HK$1.60 per share (the "**Debt Capitalisation I**"). The consideration for the Debt Capitalisation I is a full and irrevocable settlement of the aggregated outstanding sum of the debts amounted to approximately HK$57,542,000 owed by the Company to the creditors. Details of the Debt Capitalisation I were disclosed in the Company's announcements dated 27 March 2023 and 18 April 2023.

On 30 June 2023, 5,025,479 new ordinary shares were allotted and issued by the Company to a creditor, being a third party independent of the Group, at the subscription price of HK$1.60 per share (the "**Debt Capitalisation II**"). The consideration for the Debt Capitalisation II is a full and irrevocable settlement of the outstanding sum of the debt amounted to approximately HK$8,041,000 owed by the Company to the creditor. Details of the Debt Capitalisation II were disclosed in the Company's announcements dated 21 June 2023 and 30 June 2023.

On 20 October 2023 and 30 October 2023, an aggregate of 170,148,192 new ordinary shares were allotted and issued by the Company to subscribers, being third party independents of the Group, at the subscription price of HK$0.18 per share (the "**Share Subscription**"). The aggregate gross proceeds raised from the Share Subscription were approximately HK$28.0 million, and the net proceeds, after deduction of all relevant expenses, were approximately HK$27.9 million, which are intended to be fully used for the Group's general working capital purposes (such as overhead and debt management, amongst others). Details of the Share Subscription were disclosed in the Company's announcements dated 9 October 2023 and 30 October 2023. As at the date of this announcement, all proceeds from the Share Subscription have been utilised as intended.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. Accordingly, the Company has adopted various measures to ensure that a high standard of corporate governance is maintained.

Throughout the year ended 31 December 2023, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as listed out in Appendix 14 of the Listing Rules. The current practices will be reviewed and continuously updated.

To the best knowledge of the Board, throughout the year ended 31 December 2023, the Company complied with all the code provisions set out in the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "**Model Code**"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to comply with the Model Code. Enquiries have been made to the Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

SUBSEQUENT IMPORTANT EVENTS

Subsequent to 31 December 2023 and up to the date of this announcement, no material event affecting the Group had occurred.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2023.

EXTRACT OF INDEPENDENT AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2023.

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw your attention to note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$138,277,000 during the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$21,184,000. As stated in note 3.1 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to generate sufficient cash flows from future operations and the successful obtaining of additional funds by equity financing and long-term debt financing as and when needed. These conditions, along with other matters as described in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF MESSRS. BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Baker Tilly Hong Kong Limited on this announcement.

ANNUAL GENERAL MEETING

A notice convening the forthcoming annual general meeting of the Company will be published and (if applicable) despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/pad/). The Company's annual report for the year ended 31 December 2023 containing all information required by the Listing Rules will be dispatched to the Shareholders of the Company (if applicable) and available on the above websites in due course.

By Order of the Board
Pan Asia Data Holdings Inc.
Gu Zhongli
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Dr. Wang Bangyi and Mr. Jin Peiyi as executive Directors; Dr. Dong Liuhuan as a non-executive Director; and Mr. Li Gong, Dr. Shi Ping and Ms. Xu Yanqiong as independent non-executive Directors.

* *English translated name is for identification purpose only*