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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board of directors (the “Directors”) (the “Board”) of Pan Asia Data Holdings Inc. (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	212,940	363,744
Cost of sales and services		(159,197)	(277,265)
Gross profit		53,743	86,479
Other income		11,026	17,617
Other gains and losses, net (Impairment losses)/reversal of impairment losses under expected credit loss model		3,488 (5,292)	(2,097) 347
Impairment losses of other intangible assets	9	(631,594)	–
Distribution and selling expenses		(27,109)	(22,718)
Administrative expenses		(76,226)	(73,222)
Finance costs	4	(22,677)	(26,346)
Share of results of associates		19,109	3,963
Loss before taxation	5	(675,532)	(15,977)
Income tax credit/(expense)	6	158,691	(3,774)
Loss for the period		(516,841)	(19,751)
Loss for the period attributable to:			
Owners of the Company		(159,363)	(36,172)
Non-controlling interests		(357,478)	16,421
		(516,841)	(19,751)
Loss per share			
— Basic and diluted	7	(HK23.15 cents)	(HK5.42 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(516,841)</u>	<u>(19,751)</u>
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	31,639	(46,123)
Share of other comprehensive income/(expense) of associates	<u>3,627</u>	<u>(2,557)</u>
Other comprehensive income/(expense) for the period	<u>35,266</u>	<u>(48,680)</u>
Total comprehensive expense for the period	<u><u>(481,575)</u></u>	<u><u>(68,431)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(139,620)	(58,115)
Non-controlling interests	<u>(341,955)</u>	<u>(10,316)</u>
	<u><u>(481,575)</u></u>	<u><u>(68,431)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

		As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		155,557	134,082
Right-of-use assets		85,191	73,273
Intangible assets	<i>9</i>	375,232	626,681
Interests in associates	<i>10</i>	161,607	261,801
Financial assets at fair value through profit or loss		5,475	544
Deferred tax assets		13,038	5,460
Deposits paid for non-current assets		3,253	2,899
		799,353	1,104,740
Current assets			
Inventories		47,152	38,345
Trade and other receivables	<i>11</i>	456,936	382,140
Tax recoverable		25	25
Restricted bank deposits	<i>12</i>	265,934	350,051
Bank balances and cash		244,704	227,878
		1,014,751	998,439
Current liabilities			
Trade and other payables	<i>13</i>	400,140	401,965
Lease liabilities		12,312	11,279
Borrowings	<i>14</i>	550,864	500,000
Promissory notes payable	<i>15</i>	166,131	–
Tax payable		1,859	9,834
		1,131,306	923,078
Net current (liabilities)/assets		(116,555)	75,361
Total assets less current liabilities		682,798	1,180,101

		As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		40,034	154,378
Promissory notes payable	<i>15</i>	–	163,579
Lease liabilities		31,112	20,891
		<hr/> 71,146 <hr/>	<hr/> 338,848 <hr/>
Net assets		611,652	841,253
Capital and reserves			
Share capital	<i>16</i>	7,465	6,774
Reserves		224,750	228,229
		<hr/> 232,215 <hr/>	<hr/> 235,003 <hr/>
Equity attributable to owners of the Company		379,437	606,250
Non-controlling interests		<hr/> 611,652 <hr/>	<hr/> 841,253 <hr/>
Total equity		611,652	841,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company is an investment holding company. The Company's principal subsidiaries are engaged in provision of big data services, provision of third-party payment services and manufacturing and trading of liquid coatings and powder coatings.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in provision of third-party payment services, manufacturing and trading of liquid coatings and powder coatings and has commenced a business engaging in big data services since the step acquisition of Lian Yang Guo Rong Holdings Limited (“LYGR”) on 2 June 2021. Details of the step acquisition are set out in note 17. It is considered as a new operating and reportable segment by the Group’s chief operating decision maker and resulted in changes to the composition of its reportable segments as follows:

Big data services	—	Provision of big data services
Third-party payment services	—	Provision of third-party payment services
Coatings	—	Manufacturing and trading of coatings

Prior period segment disclosures have been re-presented to conform with the current period’s presentation.

Segment revenues and results

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

Six months ended 30 June 2021 (unaudited)

	Big data services <i>HK\$’000</i>	Third-party payment services <i>HK\$’000</i>	Coatings <i>HK\$’000</i>	Total <i>HK\$’000</i>
REVENUE FROM CONTRACTS WITH CUSTOMERS				
Provision of big data services				
— Data analytics services	18,218	–	–	18,218
Provision of third-party payment services				
— Commission income	–	1,548	–	1,548
— Others	–	1,706	–	1,706
Sale of goods				
— Liquid coatings	–	–	176,234	176,234
— Powder coatings	–	–	15,234	15,234
External revenue (Point in time)	<u>18,218</u>	<u>3,254</u>	<u>191,468</u>	<u>212,940</u>
RESULTS				
Segment profits/(losses)	<u>8,077</u>	<u>(657,993)</u>	<u>20,448</u>	<u>(629,468)</u>
Interest income				756
Unallocated corporate income				4,866
Unallocated corporate expenses				(52,278)
Unallocated corporate other gains and losses				4,160
Finance costs				(22,677)
Share of results of associates				19,109
Loss before taxation				(675,532)
Income tax credit				158,691
Loss for the period				<u>(516,841)</u>

Six months ended 30 June 2020 (unaudited)

	Big data services <i>HK\$'000</i> (Re-presented)	Third-party payment services <i>HK\$'000</i> (Re-presented)	Coatings <i>HK\$'000</i> (Re-presented)	Total <i>HK\$'000</i> (Re-presented)
REVENUE FROM CONTRACTS WITH CUSTOMERS				
Provision of third-party payment services				
— Commission income	—	193,195	—	193,195
— Fintech enabling service income	—	32,781	—	32,781
— Others	—	4,638	—	4,638
Sale of goods				
— Liquid coatings	—	—	120,790	120,790
— Powder coatings	—	—	12,340	12,340
External revenue (Point in time)	—	230,614	133,130	363,744
RESULTS				
Segment profits	—	39,398	13,376	52,774
Interest income				5,789
Unallocated corporate income				3,266
Unallocated corporate expenses				(47,376)
Unallocated corporate other gains and losses				(8,047)
Finance costs				(26,346)
Share of results of associates				3,963
Loss before taxation				(15,977)
Income tax expense				(3,774)
Loss for the period				(19,751)

Segment profits/(losses) represent the results of each segment without allocation of corporate items, including interest income, management fee income and rental income from subsidiaries of an associate, net gain/loss on disposal of property, plant and equipment, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, loss on fair value change of contingent consideration payable, gain on step acquisition of a subsidiary, 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.

Segment assets and liabilities

The Group's assets and liabilities by operating and reportable segments are presented below:

As at 30 June 2021 (unaudited)

	Big data services <i>HK\$'000</i>	Third-party payment services <i>HK\$'000</i>	Coatings <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS				
Segment assets	493,080	636,749	482,594	1,612,423
Unallocated assets				201,681
				<u>1,814,104</u>
LIABILITIES				
Segment liabilities	69,539	279,438	599,468	948,445
Unallocated liabilities				254,007
				<u>1,202,452</u>

As at 31 December 2020 (audited)

	Big data services <i>HK\$'000</i> (Re-presented)	Third-party payment services <i>HK\$'000</i> (Re-presented)	Coatings <i>HK\$'000</i> (Re-presented)	Total <i>HK\$'000</i> (Re-presented)
ASSETS				
Segment assets	–	1,351,436	463,206	1,814,642
Unallocated assets				288,537
				<u>2,103,179</u>
LIABILITIES				
Segment liabilities	–	352,840	583,119	935,959
Unallocated liabilities				325,967
				<u>1,261,926</u>

Segment assets include all tangible and intangible non-current assets and current assets with the exception of interests in associates, financial assets at fair value through profit or loss, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables, lease liabilities and borrowings attributable to sales activities of each segment with the exception of corporate expense payables.

Geographical information

No separate analysis of segment information by geographical region is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is the People's Republic of China (the "PRC").

4. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowing and other borrowing	19,622	18,881
Interest on lease liabilities	503	689
Imputed interest on promissory notes payable (<i>Note 15</i>)	2,552	6,776
	<u>22,677</u>	<u>26,346</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging/(crediting):		
Amortisation of intangible assets	11,104	22,876
Loss on fair value change of contingent consideration payable	–	8,149
Depreciation of property, plant and equipment	11,398	7,897
Depreciation of right-of-use assets	6,343	5,538
Donation	990	1,206
(Gain)/loss on disposal of property, plant and equipment	(397)	37
Gain on step acquisition of a subsidiary (<i>Note 17</i>)	(3,697)	–
Expense relating to short-term leases	110	595
Interest income	(756)	(5,789)
Net exchange loss/(gain)	913	(1,729)
Provision for/(reversal of) allowance for inventories	1,383	(107)
	<u>1,383</u>	<u>(107)</u>

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax:		
Current period	1,046	165
Over-provision in prior years	–	(831)
	<u>1,046</u>	<u>(666)</u>
PRC Enterprise Income Tax:		
Current period	70	9,397
Over-provision in prior years	(1,626)	–
	<u>(1,556)</u>	<u>9,397</u>
Deferred tax	<u>(158,181)</u>	<u>(4,957)</u>
Taxation (credit)/expense	<u>(158,691)</u>	<u>3,774</u>

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	<u>(159,363)</u>	<u>(36,172)</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>688,388</u>	<u>666,794</u>

No diluted loss per share for both periods is presented as there were no potential ordinary shares in issue for both periods.

8. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. MOVEMENTS IN INTANGIBLE ASSETS

During the six months ended 30 June 2021, total additions to intangible assets were approximately HK\$375,225,000 (six months ended 30 June 2020: HK\$92,000) which mainly represented additions to goodwill of approximately HK\$113,590,000 (six months ended 30 June 2020: Nil), computer software of approximately HK\$23,106,000 (six months ended 30 June 2020: HK\$92,000), and contract related intangible assets of approximately HK\$238,529,000 (six months ended 30 June 2020: Nil).

Day's Enterprise Company Limited* (得仕股份有限公司) ("Days Services"), a member of the Group and a non-wholly owned subsidiary of the Company, holds a licence issued by the People's Bank of China ("PBOC") authorising the provision of third-party payment services in the PRC (the "Payment License") which expired on 28 August 2021. On 29 August 2021, Days Services was informed that the PBOC had decided to suspend the review process. The management of the Group concluded there was indication for impairment and conducted impairment assessment on carrying amounts of certain cash-generating units within the third-party payment services segment. Based on the result of the assessment, the Group recognised impairment loss of HK\$631,594,000 related to other intangible assets during the current interim period.

10. INTERESTS IN ASSOCIATES

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Cost of investments in associates, unlisted	513	142,932
Accumulated share of post-acquisition profits and other comprehensive income, net of dividends received	161,094	146,427
Impairment losses recognised	–	(27,558)
	<u>161,607</u>	<u>261,801</u>

As at 31 December 2020, the costs of investments in associates included goodwill of associates of approximately HK\$97,184,000. During the period ended 30 June 2021, LYGR ceased to be an associate of the Group and has become a subsidiary of the Company. On 2 June 2021, the Group completed an additional investment of 23.33% in LYGR, through acquiring from an existing shareholder of LYGR at an aggregate consideration of approximately HK\$93,294,000 (the “Acquisition”). Upon completion of the Acquisition, the Group held equity interest of 54.22% in LYGR and LYGR has become an indirect non-wholly owned subsidiary of the Company thereafter. Details of the Acquisition are disclosed in note 17.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Trade receivables	258,349	189,634
Bills receivables	9,193	11,147
Less: loss allowance on trade receivables	(30,896)	(23,431)
	<u>236,646</u>	<u>177,350</u>
Total trade and bills receivables	236,646	177,350
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	140,042	154,250
— Receivable from the clearing houses for third-party payment services	–	6,047
— Other receivables and prepayments	80,248	44,493
	<u>456,936</u>	<u>382,140</u>
Total trade and other receivables	456,936	382,140

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 impairment losses presented based on the invoice date at the end of the reporting period.

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
0–30 days	66,130	32,412
31–60 days	45,789	27,297
61–90 days	28,507	18,153
91–180 days	21,889	20,249
Over 180 days	74,331	79,239
	236,646	177,350

As at 30 June 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$154,808,000 (unaudited) (31 December 2020: HK\$131,764,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$100,568,000 (unaudited) (31 December 2020: HK\$99,656,000) has been past due 90 days or more and is not considered as in default because there was no historical default of payments by the respective customers. The Group does not hold any collateral over these balances.

As at 30 June 2021, included in trade receivables, there were trade receivables due from subsidiaries of an associate and a subsidiary of a non-controlling shareholder of approximately HK\$5,251,000 (unaudited) (31 December 2020: HK\$311,000) and approximately HK\$865,000 (unaudited) (31 December 2020: HK\$4,148,000) respectively.

As at 30 June 2021, included in other receivables, there were amounts due from a subsidiary of an associate and an associate of approximately HK\$2,950,000 (unaudited) (31 December 2020: HK\$13,980,000) and approximately HK\$15,188,000 (unaudited) (31 December 2020: HK\$1,460,000) respectively. These amounts are unsecured, interest-free and repayable on demand.

12. RESTRICTED BANK DEPOSITS

Restricted bank deposits comprises:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Maintained for the purpose of settlements of outstanding payables to merchants when the third-party payment accounts' holders make purchase transactions with respective merchants (<i>Note</i>)	259,688	334,379
Maintained for merchants as performance guarantee deposits	1,707	11,252
Maintained as reserve deposits to secure the Group's use of online business to business payment platforms provided by the banks	3,306	3,220
Maintained as reserve deposits to the general risk reserve funds as governed by the PRC government	1,233	1,200
	265,934	350,051

Note: These restricted deposits are maintained to fulfil the requirements as per announcement of the PBOC (No. 6 2013) “Measures for the Custody of Clients’ Reserves of Payment Institutions” (the “Announcement”). As set out in the Announcement, reserves received from third-party payment accounts’ holders by the Group must be deposited in a special-purpose deposit account as reserve at a reserves bank. The reserves can only be used for payments entrusted by third-party payment accounts’ holders. Without approval by the third-party payment accounts’ holders, the Group cannot appropriate the reserves for similar purposes or for other purposes, lend the reserves, or use them to provide guarantee for others.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>HK\$’000</i> (unaudited)	As at 31 December 2020 <i>HK\$’000</i> (audited)
Trade payables	82,111	46,415
Accrued staff cost	15,595	16,988
Payables to merchants	66,737	85,968
Unutilised float funds (<i>Note</i>)	153,847	200,058
Other payables and accruals	81,850	52,536
	400,140	401,965

Note: The balances represented amounts prepaid by the third-party payment accounts’ holders to the Group and unutilised at the end of the reporting period. 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 to 180 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 <i>HK\$’000</i> (unaudited)	As at 31 December 2020 <i>HK\$’000</i> (audited)
0–30 days	67,225	32,679
31–60 days	7,595	5,785
61–90 days	2,158	928
Over 90 days	5,133	7,023
	82,111	46,415

As at 30 June 2021, included in trade payables, there were trade payables due to a subsidiary of an associate of approximately HK\$85,000 (unaudited) (31 December 2020: HK\$7,000).

As at 30 June 2021, included in other payables, there was an amount due to a subsidiary of an associate of approximately HK\$3,000 (unaudited) (31 December 2020: Nil). The amount is unsecured, interest-free and repayable on demand.

14. BORROWINGS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Secured		
— Bank borrowing (<i>Note (i)</i>)	12,189	–
— Other borrowing (<i>Note (ii)</i>)	538,675	500,000
	<u>550,864</u>	<u>500,000</u>
Amount due for settlement within 12 months shown under current liabilities	<u>550,864</u>	<u>500,000</u>

Notes:

- (i) During the six months ended 30 June 2021, the Group obtained a fixed-rate bank borrowing of RMB10,000,000 (equivalent to approximately HK\$12,189,000), which was denominated in Renminbi and carried an interest rate of 5% per annum. The bank borrowing was secured by the personal and corporate guarantees.
- (ii) During the six months ended 30 June 2021, the Group obtained a fixed rate other borrowing of HK\$38,675,000, which carried an interest rate ranging from 1.0%–1.5% per month and is repayable on 4 August 2021. The other borrowing was secured by a charge over the equity interest in a wholly owned subsidiary of the Company.

As at 30 June 2021 and 31 December 2020, the Group's existing fixed rate other borrowing of HK\$500,000,000, which carried an interest rate of 7% per annum and is repayable on 28 November 2021 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.

15. PROMISSORY NOTES PAYABLE

	First Promissory Note (i) HK\$'000	Second Promissory Note (ii) HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	9,391	–	9,391
Issuance of promissory note (<i>Note (ii)</i>)	–	213,995	213,995
Imputed interest	542	14,117	14,659
Repayment of promissory note	(9,933)	(64,533)	(74,466)
	<u>–</u>	<u>163,579</u>	<u>163,579</u>
At 31 December 2020 (audited) and 1 January 2021 (audited)	–	163,579	163,579
Imputed interest (<i>Note 4</i>)	–	2,552	2,552
	<u>–</u>	<u>166,131</u>	<u>166,131</u>
At 30 June 2021 (unaudited)	<u>–</u>	<u>166,131</u>	<u>166,131</u>

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Analysed for reporting purposes as:		
Current liabilities	166,131	–
Non-current liabilities	–	163,579
	<u>166,131</u>	<u>163,579</u>

Notes:

- (i) On 9 August 2019, the Group issued promissory notes with the principal amounts of HK\$540,000,000, interest-bearing at rates from 0.25% to 1.25% per annum depending on the repayment date and will mature on 8 August 2021 (the “First Promissory Note”) as part of the consideration to acquire a 51% equity interest in Mao Hong Information Technology Holding Limited (“Mao Hong”).
- (ii) On 27 February 2020, the Group issued promissory notes with principal amounts of HK\$230,000,000, interest-bearing at rates from 0.25% to 1.25% per annum depending on the repayment date and will mature on 26 February 2022 (the “Second Promissory Note”) as part of the consideration to acquire a 51% equity interest in Mao Hong. As at 30 June 2021, the outstanding principal amount of the Second Promissory Note was approximately HK\$165,467,000 (31 December 2020: HK\$165,467,000).

16. SHARE CAPITAL

	2021		2020	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January 2020 (audited), 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued:				
At 1 January (audited)	677,376,770	6,774	663,088,770	6,631
Issue of shares under subscription agreements (<i>Note (i)</i>)	–	–	14,288,000	143
Issue of shares for acquisition of a subsidiary (<i>Note (ii)</i>)	<u>69,106,895</u>	<u>691</u>	–	–
At 30 June (unaudited)/ 31 December (audited)	<u>746,483,665</u>	<u>7,465</u>	<u>677,376,770</u>	<u>6,774</u>

Notes:

- (i) On 13 May 2020 and 22 May 2020, the Company issued a total of 14,288,000 new ordinary shares of HK\$0.01 each at the issue price of HK\$3.50 per share payable in cash under a subscription agreement dated 22 April 2020 and a supplemental agreement dated 14 May 2020 and the gross proceeds from such issues amounted to HK\$50,008,000. After deducting related expenses, an amount of approximately HK\$49,724,000 in excess of par value was credited to share premium.

- (ii) On 2 June 2021, the Company issued 69,106,895 new ordinary shares of HK\$0.01 each, as consideration for the step acquisition of a subsidiary (Note 17). The closing market price of the Company's shares as at 2 June 2021 as quoted on the Stock Exchange was HK\$1.98. After deducting related expenses, an amount of approximately HK\$136,141,000 in excess of par value was credited to share premium.

17. STEP ACQUISITION OF A SUBSIDIARY

On 11 February 2021, the Group entered into a sale and purchase agreement with a shareholder of LYGR, pursuant to which the Group agreed to purchase 23.33% of the equity interest in LYGR for consideration of approximately HK\$93,294,000. The consideration shall be payable by the issue of 69,106,895 new shares in the Company at the issue price of HK\$1.35 each.

The Acquisition was completed on 2 June 2021 (the "Completion Date"). On Completion Date, LYGR became a 54.22% indirectly owned subsidiary of the Company. In accordance with HKFRSs, the Group continued to share the results of LYGR under the equity method of accounting during the period from 1 January 2021 to the Completion Date.

As at Completion Date, the Group remeasured the fair value of its previously held 30.89% equity interest in LYGR at the Completion Date and recognised a gain of approximately HK\$3,697,000 on the remeasurement of the Group's pre-existing interest in LYGR to fair value on Completion Date which has been recognised to the profit or loss and presented as "Gain on step acquisition of a subsidiary" under "Other gains and losses, net" in the condensed consolidated statement of profit or loss.

LYGR and its subsidiaries are principally engaged in the provision of big data services.

Fair value of net identifiable assets and liabilities of LYGR as at the date of acquisition are as follows:

	<i>HK\$'000</i> (unaudited)
Net assets acquired:	
Property, plant and equipment	6,039
Right-of-use assets	19,364
Intangible assets	261,635
Financial assets at fair value through profit or loss	4,826
Deferred tax assets	7,459
Amount due from a shareholder	99
Trade and other receivables	54,412
Cash and cash equivalents	26,536
Trade and other payables	(41,564)
Amount due to related companies	(24,861)
Lease liabilities	(20,770)
Tax payable	(1,642)
Deferred tax liabilities	(40,021)
	<hr/>
Net identifiable assets at fair value	251,512
Non-controlling interests	(115,142)
Goodwill	113,590
	<hr/>
Total consideration	<u>249,960</u>

The goodwill of approximately HK\$113,590,000, which is not deductible for tax purposes, mainly represents the control premium paid, skills and technical talent of LYGR's workforce and the expected synergies to be achieved from integrating LYGR into the Group's existing businesses and future market development. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Group has elected to measure the non-controlling interests in LYGR at its proportionate share of the acquired net identifiable assets. The amount of the non-controlling interests at the Completion Date amounted to approximately HK\$115,142,000.

	<i>HK\$'000</i>
Total consideration satisfied by:	
Consideration shares (<i>Note</i>)	136,832
Fair value of previously held 30.89% equity interest in LYGR	113,128
	<u>249,960</u>

Note: As at the Completion Date, the fair value of 69,106,895 new shares would be approximately HK\$136,832,000 at the closing price of HK\$1.98 each.

	<i>HK\$'000</i> (unaudited)
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	<u>26,536</u>

Since the Completion Date, LYGR and its subsidiaries have contributed revenue of approximately HK\$18,218,000 to the Group's revenue, and profit of approximately HK\$4,659,000 to the Group's profit. If the acquisition had occurred on 1 January 2021, the Group's revenue and loss would have been approximately HK\$263,590,000 and HK\$514,233,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

18. EVENTS AFTER REPORTING PERIOD

- a. On 27 July 2021, the Company granted 27,000,000 options to selected grantees (the "Grantees"), subject to their acceptance, to subscribe for an aggregate of 27,000,000 ordinary shares of HK\$0.01 each in the Company at exercise price of HK\$2.056 per share under the share option scheme adopted on 30 June 2021 (the "Share Option Scheme"). Among the 27,000,000 options granted, 9,620,000 options were granted to four Directors (7,400,000 Options were granted to Ms. Liu Rong Rong, an executive Director, and 740,000 Options were granted to each of Mr. Li Gong, Mr. Wang Jianping and Dr. Shi Ping, the independent non-executive Directors), 6,600,000 options and 780,000 options were granted to two employees of the Company respectively, and 5,000,000 options were granted to each of two consultants of the Company. The options were granted to the Grantees in recognition of their past contributions and services to the Company and for the purpose of retaining outstanding personnel of the Company.

- b. On 6 August 2021, the Company entered into six subscription agreements with certain subscribers, being independent third parties to the Group, pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue a total of 15,000,000 new ordinary shares at a price of HK\$2.00 per subscription share (the “Subscription”). On 27 August 2021, an aggregate of 15,000,000 shares were allotted and issued by the Company to the subscribers at the subscription price of HK\$2.00 per share paid in cash. The gross proceeds raised were approximately HK\$30.0 million, and the net proceeds, after deduction of all relevant expenses, were approximately HK\$29.9 million, which are intended to be used for the Group’s development of new business (such as marketing and client development, amongst others) and general working capital purposes (such as overhead, inventory and debt management, amongst others). Details of the subscription of new shares under general mandate were disclosed in the Company’s announcement dated 6 August 2021.
- c. Days Services holds the Payment License issued by the PBOC 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. The Company will continue to monitor the situation and updates will be announced as soon as further material information becomes available.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND FINANCIAL OVERVIEW

The Group had a consolidated revenue of approximately HK\$212,940,000 (2020: HK\$363,744,000) for the six months ended 30 June 2021. This represented a decrease of approximately 41.5% compared with that for the previous year mainly due to significant decreases in the business activities of the Group's third-party payment services segment ("Third-Party Payment Services Segment").

The Group generated revenue from provision of big data services of approximately HK\$18,218,000 (2020: Nil), third-party payment services of approximately HK\$3,254,000 (2020: HK\$230,614,000) and manufacturing and trading of coatings of approximately HK\$191,468,000 (2020: HK\$133,130,000) for the six months ended 30 June 2021.

Loss attributable to owners of the Company for the six months ended 30 June 2021 increased to approximately HK\$159,363,000 (2020: HK\$36,172,000), mainly attributable to (i) substantial impairment losses on the Group's intangible assets and (ii) an increase in corporate expenses.

Loss per share for the six months ended 30 June 2021 was approximately HK23.15 cents (2020: HK5.42 cents).

The Group's net asset value attributable to owners of the Company per share as at 30 June 2021 was HK\$0.3 (31 December 2020: HK\$0.3).

INTERIM DIVIDEND

The Board has not resolved to pay, and does not recommend the payment of, an interim dividend for the six months ended 30 June 2021 (2020: Nil).

BUSINESS REVIEW

Big Data Business

LYGR, a subsidiary of the Company, and its subsidiaries ("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 ("Big Data Services Segment"). The LYGR Group offer independent and fast growing "SaaS/PaaS" cloud platform, which focuses on providing artificial intelligence ("AI") — enabled algorithmic solutions to the providers of retail financial services in China, especially in consumer finance and commercial insurance with a dedicated entrepreneurial approach to market needs through relentless innovation and dedicated execution while fully leveraging upon and synergizing with its particular positioning of public private partnerships in the IT and communications fields and uniquely authorized and compliant access and utilization rights to the canonical database for providing enterprise services with fintech applications.

On 11 February 2021, the Company entered into a share purchase agreement with Lian Yang Investment Limited (“Lian Yang Investment”) (as the vendor), Shanghai Bai Pai Digital Science and Technology LLP* (上海百派數字科技合夥企業(有限合夥)) and Shanghai Pu En Network Science and Technology LLP* (上海普恩網路科技合夥企業(有限合夥)) (collectively, the guarantors) and LYGR. Under that agreement, Lian Yang Investment agree as beneficial owners to sell, and the Company agreed to purchase, 7,172 shares of LYGR at consideration which shall be satisfied by the allotment and issue of 69,106,895 new ordinary shares by the Company to Lian Yang Investment at the issue price of HK\$1.35 per share.

This acquisition of a controlling interest in LYGR Group was completed on the Completion Date and it is classified as investment in subsidiaries. During the six months ended 30 June 2021, LYGR Group significantly expanded its customer reach among PRC banks and licensed consumer finance companies as well as top-tier internet finance companies. LYGR Group, leveraging the authorized access to and utilization of massive canonical data and beefing up its human capital successfully, completed commercialization of products in the field of consumer finance services and started providing digital risk management services to Chinese financial institutions. The Big Data Services Segment contributed revenue of approximately HK\$18,218,000 (2020: Nil) and segment profit of approximately HK\$8,077,000 (2020: Nil) to the Group from the Completion Date to 30 June 2021.

Third-Party Payment Services Business

Days Services 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 contributed revenue of approximately HK\$3,254,000 (2020: HK\$230,614,000), which represented a decrease of approximately 98.6%, and segment loss of approximately HK\$657,993,000 (2020: segment profit of approximately HK\$39,398,000) to the Group for the six months ended 30 June 2021.

During the six months ended 30 June 2021, there was a significant decrease in the business activities of Group’s Third-Party Payment Services Segment. The third-party payment transaction volume processed for the six months ended 30 June 2021 decreased by approximately 99% as compared to that of the corresponding period in 2020. The significant decrease in business activities had happened since the second half of 2020 due to (i) the sharply increased scrutiny and much more stringent rule enforcement by the regulatory authorities, (ii) the intensifying competition among industry participants and (iii) an already highly polarized marketplace to be worsened by the imminent entry of foreign multinational players. The Group had initiated business transformation and tried to materialize new products and acquire new customers for this business segment, but the result in the first half of 2021 was not satisfactory.

Days Services holds the Payment Licence issued by the PBOC 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. The management of the Group concluded that there was indication for impairment and conducted impairment assessment on carrying amounts of certain cash-generating units within the third-party payment services segment. Based on the result of the assessment, the Group recognised impairment loss of approximately HK\$631,594,000 (2020: nil) on other intangible assets for the six months ended 30 June 2021 under “impairment losses of other intangible assets”.

Coatings Business

During the six months ended 30 June 2021, due to the recovery of the production for the coatings business after the outbreak of COVID-19 in early 2020, revenue for the coatings business increased to approximately HK\$191,468,000 (2020: HK\$133,130,000). This represented an increase of approximately 43.8% compared with that for the previous year. The segment profit for the coatings business increase to approximately HK\$20,448,000 (2020: HK\$13,376,000) for the six months ended 30 June 2021.

During the six months ended 30 June 2021, the Group’s share of profit of CMW Holding Limited, an associate of the Company, amounted to approximately HK\$19,109,000 (2020: HK\$3,963,000). Its profit improved after it terminated the production of certain products with low profit margins and shifted the production capacity to products with higher profit margins.

In view of the uncertainties created by the US-China trade war, the Group is setting up a new manufacturing plant in Vietnam to diversify the production base of the Group and mitigate the adverse effect of local policies and regulations. The Group has established an indirect wholly-owned subsidiary, Manfield Coatings Vietnam Company Limited (“Manfield Vietnam”) for such purpose. Manfield Vietnam was established on 15 November 2019 and the total amount of investment for the project is expected to be VND149,986 million (equivalent to approximately HK\$50.5 million). In early 2021, the Group started the trial run for the manufacturing plant in Vietnam. As at 30 June 2021, the Group’s actual investment in Vietnam project amounted to approximately HK\$50.5 million.

Overall Performance

For the six months ended 30 June 2021, the consolidated gross profit of the Group decreased to approximately HK\$53,743,000 (2020: HK\$86,479,000) mainly due to the significant decreases in the business activities of the Group’s Third-Party Payment Services Segment and the consolidated gross profit margin of the Group increased to approximately 25.2% (2020: 23.8%) mainly due to the recovery of the production for the coatings business after the outbreak of COVID-19 in early 2020.

Other gains of the Group amounted to approximately HK\$3,488,000 (2020: other losses of approximately HK\$2,097,000) for the six months ended 30 June 2021. This was primarily due to a gain on step acquisition of a subsidiary of approximately HK\$3,697,000.

Administrative expenses of the Group increased to approximately HK\$76,226,000 (2020: HK\$73,222,000) for the six months ended 30 June 2021. The increase was mainly attributable to an increase in total staff costs due to an increase in average head count of the Group from the new business segment of big data services in 2021; and an increase in depreciation of property, plant and equipment and right-of-use assets.

Distribution and selling expenses of the Group increased to approximately HK\$27,109,000 (2020: HK\$22,718,000) for the six months ended 30 June 2021, mainly due to an increase associated with generating the increased revenue of coatings business.

Finance costs of the Group decreased to approximately HK\$22,677,000 (2020: HK\$26,346,000) for the six months ended 30 June 2021, mainly due to the decrease in remaining balance of promissory notes.

For the six months ended 30 June 2021, the Group recognised an income tax credit of approximately HK\$158,691,000 (2020: income tax expense of approximately HK\$3,774,000), which mainly represented a reversal of deferred tax liabilities in respect of fair value adjustments on intangible assets.

Others

In June 2021, the Group received an arbitral award issued by the Shanghai International Economic and Trade Arbitration Commission dated 18 June 2021 in relation to the arbitration proceedings for the intended exercise of its right to dispose of 40% equity interest in 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.

Subsequent to the issue of the arbitral award, Teknos Group Oy sought to assert a claim that the Group is bound to repurchase the 40% equity interest owned by Teknos Group Oy for the sum of HK\$32,830,324 and sought to assert a set off against the payment it was ordered to pay to the Group. Based on the legal advice from its PRC counsel, the Group is of the view that Teknos Group Oy’s claims and assertions have no merits. The payment had not been received at 30 June 2021.

On 6 August 2021, the Company entered into six subscription agreements with certain subscribers, being independent third parties to the Group, pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue a total of 15,000,000 new ordinary shares at a price of HK\$2.00 per subscription share. On 27 August 2021, an aggregate of 15,000,000 shares were allotted and issued by the Company to the subscribers at the subscription price of HK\$2.00 per share paid in cash. The net subscription price was approximately HK\$1.99 per share. The closing prices of the Company's share on 27 August 2021 were HK\$2.19 per share. The gross proceeds raised were approximately HK\$30.0 million, and the net proceeds, after deduction of all relevant expenses, were approximately HK\$29.9 million, which are intended to be used for the Group's development of new business (such as marketing and client development, amongst others) and general working capital purposes (such as overhead, inventory and debt management, amongst others). Details of the Subscription of new shares under general mandate were disclosed in the Company's announcement dated 6 August 2021. As at the date of this announcement, all proceeds from the Subscription have been utilised as intended.

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. Details of the utilised net proceeds as at 30 June 2021 are set out as follows:

Use	Revised allocation <i>HK\$ million</i>	Utilisation as at 30 June 2021 <i>HK\$ million</i>	Remaining balance after revised allocation <i>HK\$ million</i>	Expected timeline for the intended use
Funding of phase two of construction of the Springfield Chemical (Guangzhou) Company Limited (廣州源輝化工有限公司*) ("Springfield") production facilities	33.1	23.8	9.3	End of 2023
Purchase of additional machinery and equipment	12.0	12.0	–	
Partial settlement of the purchase price of the land for phase two of construction of the Springfield production facilities	1.4	–	1.4	End of 2021
Repayment of a bank overdraft facility	20.0	20.0	–	
General working capital of the Group	2.9	2.9	–	
Long term lease for a piece of land in Vietnam	5.4	5.4	–	
Construction of Vietnam production facilities	13.1	13.1	–	
Purchase of additional machinery and equipment, and other costs for Vietnam production	9.5	9.5	–	
General working capital of Vietnam operation	22.5	22.5	–	
	<u>119.9</u>	<u>109.2</u>	<u>10.7</u>	

Saved as disclosed above, the Directors are not aware of any material change to the planned use of the proceeds as at the date of this announcement.

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

As at 30 June 2021, the Group's non-current assets of approximately HK\$799,353,000 (31 December 2020: HK\$1,104,740,000) consisted of property, plant and equipment of approximately HK\$155,557,000 (31 December 2020: HK\$134,082,000), right-of-use assets of approximately HK\$85,191,000 (31 December 2020: HK\$73,273,000), intangible assets of approximately HK\$375,232,000 (31 December 2020: HK\$626,681,000), interests in associates of approximately HK\$161,607,000 (31 December 2020: HK\$261,801,000), financial assets at fair value through profit or loss of approximately HK\$5,475,000 (31 December 2020: HK\$544,000), deferred tax assets of approximately HK\$13,038,000 (31 December 2020: HK\$5,460,000) and deposits paid for non-current assets of approximately HK\$3,253,000 (31 December 2020: HK\$2,899,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 30 June 2021, the Group's net current liabilities amounted to approximately HK\$116,555,000 (31 December 2020: net current assets amounted to approximately HK\$75,361,000).

As at 30 June 2021, the Group had total indebtedness of approximately HK\$760,419,000 (31 December 2020: HK\$695,749,000) which comprised borrowings, promissory notes payable and lease liabilities of approximately HK\$550,864,000 (31 December 2020: HK\$500,000,000), HK\$166,131,000 (31 December 2020: HK\$163,579,000) and HK\$43,424,000 (31 December 2020: HK\$32,170,000), respectively.

As at 30 June 2021, all the borrowings of the Group, except for an amount equivalent to approximately HK\$12,189,000 which was denominated in Renminbi, were denominated in Hong Kong dollars. As at 31 December 2020, all the borrowings of the Group were denominated in Hong Kong dollars. As at 30 June 2021 and 31 December 2020, all other borrowings carried fixed interest rates. Other borrowing of HK\$500,000,000 (31 December 2020: HK\$500,000,000) is non-recourse to the Company but is secured by charges over assets of the Company. As at 30 June 2021, the promissory notes payable bear interest from 0.25% to 1.25% (31 December 2020: 0.25% to 1.25%) per annum and were denominated in Hong Kong dollars. Interest rates for all leases are fixed on the contract dates.

As at 30 June 2021, all borrowings were repayable within one year. As at 30 June 2021, the outstanding principal amount of the promissory notes was approximately HK\$165,467,000 (31 December 2020: HK\$165,467,000).

As at 30 June 2021, the gearing ratio of the Group was approximately 124.3% (31 December 2020: 82.7%), calculated by dividing total debts (which debt represents the sum of borrowings, promissory notes payable and lease liabilities) by total equity multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, by total equity) of the Group was approximately 40.8% (31 December 2020: 14.0%) as at 30 June 2021. The current ratio, calculated by dividing current assets by current liabilities, as at 30 June 2021 was approximately 0.9 times (31 December 2020: approximately 1.1 times).

As at 30 June 2021, save as disclosed in note 14 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 30 June 2021, the Group had capital commitments contracted for but not provided — acquisition of property, plant and equipment of approximately HK\$3,234,000 (31 December 2020: HK\$6,086,000) and other commitments contracted for but not provided — proposed purchase of land of approximately HK\$7,159,000 (31 December 2020: HK\$6,978,000).

As at 30 June 2021 and 31 December 2020, the Group did not have any material contingent liabilities.

EMPLOYEES

The Group had 850 (31 December 2020: 794) employees as at 30 June 2021. The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investments or, other material acquisitions or disposals during the six months ended 30 June 2021, 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.

PROSPECTS AND STRATEGIES

2021 has continued to be a challenging year globally due to COVID-19 epidemic, while escalating Sino-US tensions continue posing adverse impact to the ecosystem of the Group's operating environment. Despite the macro political and economic challenges, the Group has made substantial strides in its big data analytics business' growth; managed to enable substantive growth in its coating operation; and however, its third party payment business suffered significant decrease in its business activities due to substantially adverse regulatory paradigm and adverse impact from hyper competition in market place.

Going forward, the Group will continue developing and growing the businesses of big data analytics. Building upon its proven success of exponential growth, the Group is confident that the big data analytics business will create very substantial value to the Company's shareholders over the time.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

CHANGE IN INFORMATION OF DIRECTORS

The changes in the information of the Directors since 1 January 2021, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
Executive Directors	
Mr. Gu Zhongli	Appointed as an executive Director on 15 July 2021 and appointed as the chairman of Board, a member of the Nomination Committee and Remuneration Committee of the Board and an authorized representative on 30 July 2021.
Mr. Charles Simon	Appointed as an executive Director on 15 July 2021
Mr. Jin Peiyi	Appointed as an executive Director on 30 July 2021
Dr. Li Zhong Yuan	Resigned as an executive Director, the chairman of Board, a member of the Nomination Committee and Remuneration Committee of the Board and an authorized representative on 30 July 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with corporate governance code

The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as listed out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021, save for the code provision A.2.1 of the CG Code as described below.

CG Code A.2.1

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer”. Dr. Li Zhong Yuan has been appointed as the Chairman of the Board and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board’s affairs and promoting a culture of openness and debate. The daily operation and management of the Company is monitored by the Executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is struck by the openness and cooperation spirit of the senior management and the Board, which comprises experienced and high-calibre individuals who meet from time to time to discuss issues affecting operation of the Company and the Group. The structure is supported by the Company’s well-established corporate governance structure and internal control policies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstance arise.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct regarding Directors’ securities transaction as set out in the Model Code for Securities Transactions by Directors of Listed Issues in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code of conduct regarding directors’ securities transactions. Having made specific enquiries with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

Audit Committee review

The Audit Committee of the Company, comprising all the Independent Non-executive Directors of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the Directors, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2021. The interim results for the six months ended 30 June 2021 are unaudited but certain agreed-upon procedures have been performed by the auditor of the Company in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” issued by the HKICPA. The agreed-upon procedures performed by the auditor did not constitute an assurance engagement performed 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 the auditor does not express any assurance on the interim results of the Company.

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

Hong Kong, 31 August 2021

At the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Ms. Liu Rong Rong, Mr. Charles Simon and Mr. Jin Peiyi as executive Directors; and Mr. Li Gong, Mr. Wang Jianping and Dr. Shi Ping as independent non-executive Directors.

* English translation of name is for identification purpose only