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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 2022**

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (Re-presented)
Revenue	3	415,600	212,940
Cost of sales and services		<u>(240,299)</u>	<u>(159,197)</u>
Gross profit		175,301	53,743
Other income		19,412	11,026
Other gains and losses, net		6,131	3,488
Reversal of impairment losses/(impairment losses) under expected credit loss model		1,758	(5,292)
Impairment losses of other intangible assets	9	–	(631,594)
Distribution and selling expenses		(28,472)	(27,109)
Administrative expenses		(128,371)	(68,295)
Research and development expenses		(85,876)	(7,931)
Finance costs	4	(25,652)	(22,677)
Share of results of associates		<u>10,870</u>	<u>19,109</u>
Loss before taxation	5	(54,899)	(675,532)
Income tax credit	6	<u>5,288</u>	<u>158,691</u>
Loss for the period		<u>(49,611)</u>	<u>(516,841)</u>
Loss for the period attributable to:			
Owners of the Company		(42,625)	(159,363)
Non-controlling interests		<u>(6,986)</u>	<u>(357,478)</u>
		<u>(49,611)</u>	<u>(516,841)</u>
Loss per share			
— Basic and diluted	7	<u>(HK5.60 cents)</u>	<u>(HK23.15 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(49,611)</u>	<u>(516,841)</u>
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(30,062)	31,639
Share of other comprehensive (expense)/income of associates	<u>(5,295)</u>	<u>3,627</u>
Other comprehensive (expense)/income for the period	<u>(35,357)</u>	<u>35,266</u>
Total comprehensive expense for the period	<u><u>(84,968)</u></u>	<u><u>(481,575)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(68,575)	(139,620)
Non-controlling interests	<u>(16,393)</u>	<u>(341,955)</u>
	<u><u>(84,968)</u></u>	<u><u>(481,575)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

		As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		157,368	169,033
Right-of-use assets		68,702	80,772
Intangible assets	9	370,537	376,292
Interests in associates	10	164,643	168,068
Financial assets at fair value through profit or loss		—	—
Deferred tax assets		22,030	18,294
Deposits paid for non-current assets		2,774	2,964
		786,054	815,423
Current assets			
Inventories		43,903	43,254
Trade and other receivables	11	508,134	454,059
Tax recoverable		25	25
Financial assets at fair value through profit or loss		23,565	17,659
Restricted bank deposits	12	186,722	221,382
Bank balances and cash		241,557	238,016
		1,003,906	974,395
Current liabilities			
Trade and other payables	13	511,150	437,710
Lease liabilities		11,211	12,587
Borrowings	14	61,794	19,033
Promissory note payable	15	137,524	149,303
Convertible bonds — debt component	16	45,817	—
Convertible bonds — embedded derivative component	16	310	—
Tax payable		1,757	1,605
		769,563	620,238
Net current assets		234,343	354,157
Total assets less current liabilities		1,020,397	1,169,580

		As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Non-current liabilities			
Deferred tax liabilities		40,513	41,978
Borrowings	<i>14</i>	500,000	500,000
Convertible bonds — debt component	<i>16</i>	–	41,624
Convertible bonds — embedded derivative component	<i>16</i>	–	3,539
Lease liabilities		9,277	26,864
		<hr/> 549,790 <hr/>	<hr/> 614,005 <hr/>
Net assets		470,607	555,575
Capital and reserves			
Share capital	<i>17</i>	7,615	7,615
Reserves		131,764	204,374
		<hr/> 139,379 <hr/>	<hr/> 211,989 <hr/>
Equity attributable to owners of the Company		331,228	343,586
Non-controlling interests		<hr/> 470,607 <hr/>	<hr/> 555,575 <hr/>
Total equity		470,607	555,575

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions 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 big data services, provision of third-party payment services, and manufacturing and trading of liquid coatings and powder coatings. The Group had commenced a business engaging in big data services since the step acquisition of Lian Yang Guo Rong Holdings Limited (“LYGR”) on 2 June 2021, and was considered as a new operating and reportable segment by the Group’s chief operating decision maker in the prior period. The Group’s reportable segments are 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

Segment revenues and results

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

Six months ended 30 June 2022 (unaudited)

	Big data services HK\$’000	Third-party payment services HK\$’000	Coatings HK\$’000	Total HK\$’000
REVENUE FROM CONTRACTS WITH CUSTOMERS				
Provision of big data services				
— Data analytics services	201,726	—	—	201,726
Provision of third-party payment services				
— Commission income	—	30,816	—	30,816
— Others	—	2	—	2
Sale of goods				
— Liquid coatings	—	—	160,795	160,795
— Powder coatings	—	—	22,261	22,261
External revenue (Point in time)	<u>201,726</u>	<u>30,818</u>	<u>183,056</u>	<u>415,600</u>
RESULTS				
Segment profits/(losses)	<u>23,601</u>	<u>(6,989)</u>	<u>28,768</u>	<u>45,380</u>
Interest income				505
Unallocated corporate income				6,926
Unallocated corporate expenses				(92,857)
Unallocated corporate other gains and losses, net				(71)
Finance costs				(25,652)
Share of results of associates				<u>10,870</u>
Loss before taxation				(54,899)
Income tax credit				<u>5,288</u>
Loss for the period				<u>(49,611)</u>

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
	<u>18,218</u>	<u>3,254</u>	<u>191,468</u>	<u>212,940</u>
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, net				4,160
Finance costs				(22,677)
Share of results of associates				<u>19,109</u>
Loss before taxation				(675,532)
Income tax credit				<u>158,691</u>
Loss for the period				<u>(516,841)</u>

Segment profit/(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, gain on step acquisition of a subsidiary, net loss/gain on disposal of property, plant and equipment, gain on fair value change of convertible bonds, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, 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 2022 (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	590,338	511,620	469,759	1,571,717
Unallocated assets				218,243
				<u>1,789,960</u>
LIABILITIES				
Segment liabilities	163,844	222,506	605,957	992,307
Unallocated liabilities				327,046
				<u>1,319,353</u>

As at 31 December 2021 (audited)

	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	534,337	565,916	472,692	1,572,945
Unallocated assets				216,873
				<u>1,789,818</u>
LIABILITIES				
Segment liabilities	95,322	252,968	596,674	944,964
Unallocated liabilities				289,279
				<u>1,234,243</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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowing and other borrowing	20,268	19,622
Interest on lease liabilities	570	503
Effective interest expense on convertible bonds (Note 16)	4,193	–
Imputed interest on promissory note payable (Note 15)	621	2,552
	<u>25,652</u>	<u>22,677</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging/(crediting):		
Amortisation of intangible assets	979	11,104
Depreciation of property, plant and equipment	14,168	11,398
Depreciation of right-of-use assets	6,862	6,343
Gain on fair value change of convertible bonds (Note 16)	(3,229)	–
Donation	620	990
Net loss/(gain) on disposal of property, plant and equipment	72	(397)
Gain on step acquisition of a subsidiary	–	(3,697)
Gain on fair value change of financial assets at fair value through profit or loss	(517)	(16)
Expense relating to short-term leases	410	110
Interest income	(505)	(756)
Net exchange (gain)/loss	(2,250)	913
(Reversal of)/provision for allowance for inventories	(258)	1,383

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax:		
Current period	306	1,046
Over-provision in prior years	—	—
	<u>306</u>	<u>1,046</u>
PRC Enterprise Income Tax:		
Current period	162	70
Over-provision in prior years	(298)	(1,626)
	<u>(136)</u>	<u>(1,556)</u>
Deferred tax	<u>(5,458)</u>	<u>(158,181)</u>
Taxation credit	<u>(5,288)</u>	<u>(158,691)</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	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	<u>(42,625)</u>	<u>(159,363)</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>761,484</u>	<u>688,388</u>

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 exercise would result in a decrease in loss per share.

8. DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. MOVEMENTS IN INTANGIBLE ASSETS

During the six months ended 30 June 2021, total additions to intangible assets were approximately HK\$374,420,000 which mainly represented additions to goodwill of approximately HK\$114,545,000, computer software of approximately HK\$21,346,000, and contract related intangible assets of approximately HK\$238,529,000. No additions to intangible assets during the six months ended 30 June 2022.

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 (the "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 approximately HK\$631,594,000 related to other intangible assets during the six months ended 30 June 2021.

10. INTERESTS IN ASSOCIATES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Cost of investments in associates, unlisted	513	513
Accumulated share of post-acquisition profits and other comprehensive income, net of dividends received	<u>164,130</u>	<u>167,555</u>
	<u><u>164,643</u></u>	<u><u>168,068</u></u>

During the six months 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 approximately 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 approximately 54.22% in LYGR and LYGR has become an indirect non-wholly owned subsidiary of the Company thereafter.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade receivables	332,867	286,547
Less: loss allowance on trade receivables	<u>(30,609)</u>	<u>(33,427)</u>
	302,258	253,120
Bills receivables	<u>12,499</u>	<u>8,830</u>
Total trade and bills receivables	314,757	261,950
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	124,511	129,322
— Receivable from the clearing houses for third-party payment services	4,970	3,024
— Other receivables and prepayments	<u>63,896</u>	<u>59,763</u>
Total trade and other receivables	<u><u>508,134</u></u>	<u><u>454,059</u></u>

The normal credit period for customers is 30 days to 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 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
0–30 days	149,357	71,187
31–60 days	33,717	52,291
61–90 days	30,684	26,332
91–180 days	25,002	38,353
Over 180 days	<u>75,997</u>	<u>73,787</u>
	<u><u>314,757</u></u>	<u><u>261,950</u></u>

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$126,444,000 (unaudited) (31 December 2021: HK\$168,110,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$76,777,000 (unaudited) (31 December 2021: HK\$94,178,000) 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 2022, 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\$3,307,000 (unaudited) (31 December 2021: HK\$5,116,000) and nil (unaudited) (31 December 2021: HK\$868,000) respectively.

As at 30 June 2022, included in other receivables, there were amounts due from subsidiary of an associate, an associate and a related company of approximately HK\$2,774,000 (unaudited) (31 December 2021: HK\$6,200,000) and approximately HK\$1,647,000 (unaudited) (31 December 2021: HK\$2,038,000) and approximately HK\$377,000 (unaudited) (31 December 2021: HK\$135,000) respectively. These amounts are unsecured, interest-free and repayable on demand.

12. RESTRICTED BANK DEPOSITS

Restricted bank deposits comprises:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 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>)	181,806	215,664
Maintained for merchants as performance guarantee deposits	1,120	1,162
Maintained as reserve deposits to secure the Group's use of online business to business payment platforms provided by the banks	2,600	3,317
Maintained as reserve deposits to the general risk reserve funds as governed by the PRC government	1,196	1,239
	<u>186,722</u>	<u>221,382</u>

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 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade payables	186,457	119,833
Accrued staff cost	27,699	20,063
Payables to merchants	65,000	66,174
Unutilised float funds (<i>Note</i>)	110,625	129,037
Other payables and accruals	121,369	102,603
	<u>511,150</u>	<u>437,710</u>

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 days 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 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
0–30 days	140,528	93,121
31–60 days	11,324	13,572
61–90 days	3,074	3,425
Over 90 days	31,531	9,715
	<u>186,457</u>	<u>119,833</u>

As at 30 June 2022, included in trade payables, there were trade payables due to a subsidiary of an associate of approximately HK\$8,000 (unaudited) (31 December 2021: HK\$80,000).

As at 30 June 2022, included in other payables, there was an amount due to a subsidiary of an associate and related companies of nil (unaudited) (31 December 2021: HK\$20,000) and approximately HK\$23,510,000 (unaudited) (31 December 2021: HK\$23,510,000). The amount is unsecured, interest-free and repayable on demand.

14. BORROWINGS

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Secured		
— Bank borrowing (<i>Note (i)</i>)	3,535	8,559
— Other borrowing (<i>Note (ii)</i>)	500,000	500,000
Unsecured		
— Other borrowing (<i>Note (iii)</i>)	58,259	10,474
	<u>561,794</u>	<u>519,033</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(61,794)</u>	<u>(19,033)</u>
Amount due for settlement after one year shown under non-current liabilities	<u>500,000</u>	<u>500,000</u>

Notes:

- (i) As at 30 June 2022, the Group had fixed-rate bank borrowing of RMB2,000,000 (31 December 2021: RMB7,000,000) (equivalent to approximately HK\$2,357,000 (31 December 2021: HK\$8,559,000)), which was denominated in Renminbi (“RMB”) and carried interest at 5% per annum (31 December 2021: 5%). The bank borrowing was secured by the personal guarantees and is repayable on 20 August 2022.

During the six months ended 30 June 2022, the Group obtained a fixed-rate bank borrowing of RMB1,000,000 (equivalent to approximately HK\$1,178,000), which was denominated in RMB and carried interest at 4.2% per annum. The bank borrowing was secured by the factory premise with carrying value of approximately HK\$9,956,000 and is repayable on 28 June 2023.

- (ii) As at 30 June 2022 and 31 December 2021, 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.
- (iii) As at 30 June 2022, the Group had fixed-rate other borrowings of approximately HK\$7,144,000 (31 December 2021: HK\$10,474,000), which were all denominated in HK\$ and carried interest at 1.5% per month (31 December 2021: 1.5%). The other borrowings were unsecured and repayable on demand.

During the six months ended 30 June 2022, the Group obtained 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 on demand.

15. PROMISSORY NOTE PAYABLE

	<i>HK\$'000</i>
At 1 January 2021 (audited)	163,579
Imputed interest	4,805
Repayment of promissory note	<u>(19,081)</u>
At 31 December 2021 (audited) and 1 January 2022 (audited)	149,303
Imputed interest (<i>Note 4</i>)	621
Repayment of promissory note	<u>(12,400)</u>
At 30 June 2022 (unaudited)	<u><u>137,524</u></u>

Note:

On 27 February 2020, the Group issued promissory note 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 with maturity date on 26 February 2022 as part of the consideration to acquire a 51% equity interest in Mao Hong Information Technology Holdings Limited. In March and June 2022, the Group entered into agreements with note holder to extend the maturity date to 24 June 2022 and 24 August 2022 for promissory note with principal amount of HK\$133,985,000, respectively. As at 30 June 2022, the outstanding principal amount of the promissory note was approximately HK\$133,985,000 (31 December 2021: HK\$146,385,000). Subsequently, in August 2022, the maturity date of the outstanding promissory note is further extended to 30 November 2022 as agreed with note holder.

16. CONVERTIBLE BONDS

On 22 December 2021 (the “Issue Date”), 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 unconverted bonds from bondholders at the price of 106% par value of the issued Convertible Bonds.

On giving not less than 5 nor more than 60 days’ notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), the Convertible Bonds may be redeemed by the Company in whole or in part, in single or multiple tranches, on the date specified in the optional redemption notice at 120% of their principal amount together with accrued interest to (but excluding) the optional redemption date at any time from and including the date falling 4 months from the Issue Date up to but excluding the date 13 months from the Issue Date. In accordance with the terms and conditions set out in the placing agreement, the redemption amount shall at no time exceed 50% of the total principal amount of the Convertible Bonds as at the Issue Date.

The Convertible Bonds comprise two components:

- (a) Debt component was initially measured at fair value amounting to approximately HK\$42,461,000. It is subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs.
- (b) Derivative component comprises conversion options and early redemption options (not closely related to the debt component), which was initially measured at fair value amounting to approximately HK\$3,539,000.

The total transaction costs of approximately HK\$1,053,000 that are related to the issue of the Convertible Bonds were allocated to the debt and derivative components in proportion to their respective fair values.

The total transaction costs relating to the derivative component were charged to profit or loss in previous year. Transaction costs relating to the debt component were included in the carrying amount of the debt portion and amortised over the period of the Convertible Bonds using the effective interest method.

	Debt component <i>HK\$'000</i>	Embedded derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
Issue of Convertible Bonds	42,461	3,539	46,000
Transaction costs	(972)	(81)	(1,053)
Transaction costs charged into profit or loss immediately	–	81	81
Interest charge	135	–	135
As at 31 December 2021 (audited) and 1 January 2022 (audited)	41,624	3,539	45,163
Gain arising on changes in fair value (<i>Note 5</i>)	–	(3,229)	(3,229)
Interest charge (<i>Note 4</i>)	4,193	–	4,193
As at 30 June 2022 (unaudited)	45,817	310	46,127
		As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Analysed for reporting purposes as:			
Current liabilities			
Convertible bonds — debt component		45,817	–
Convertible bonds — embedded derivative component		310	–
Non-current liabilities			
Convertible bonds — debt component		–	41,624
Convertible bonds — embedded derivative component		–	3,539
		46,127	45,163

No conversion or redemption of the Convertible Bonds has occurred up to 30 June 2022.

As at 30 June 2022, the derivative component was measured at fair value with reference to valuation report issued by Hong Kong Appraisal Advisory Limited and the changes in fair value are recognised in profit or loss during the six months ended 30 June 2022.

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

17. SHARE CAPITAL

	2022		2021	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (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)	761,483,665	7,615	677,376,770	6,774
Issue of shares for step acquisition of a subsidiary (<i>Note (i)</i>)	–	–	69,106,895	691
Issue of share under subscription agreements (<i>Note (ii)</i>)	–	–	15,000,000	150
At 30 June (unaudited)/ 31 December (audited)	<u>761,483,665</u>	<u>7,615</u>	<u>761,483,665</u>	<u>7,615</u>

Notes:

- (i) 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. 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.
- (ii) On 27 August 2021, the Company issued a total of 15,000,000 new ordinary shares of HK\$0.01 each at the issue price of HK\$2.00 per share payable in cash under a subscription agreement dated 6 August 2021 and the gross proceeds from such issues amounted to approximately HK\$30,000,000. After deducting related expenses, an amount of approximately HK\$28,346,000 in excess of par value was credited to share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND FINANCIAL OVERVIEW

The Group had a consolidated revenue of approximately HK\$415,600,000 (2021: HK\$212,940,000) for the six months ended 30 June 2022. This represented an increase of approximately 95.2% compared with the corresponding period for the previous year mainly due to the commencement of the new business segment of big data services in June 2021.

The Group generated revenue from provision of big data services of approximately HK\$201,726,000 (2021: HK\$18,218,000), third-party payment services of approximately HK\$30,818,000 (2021: HK\$3,254,000) and manufacturing and trading of coatings of approximately HK\$183,056,000 (2021: HK\$191,468,000) for the six months ended 30 June 2022.

Loss attributable to owners of the Company for the six months ended 30 June 2022 decreased to approximately HK\$42,625,000 (2021: HK\$159,363,000), which was mainly attributable to the decrease in impairment losses on the Group's intangible assets which was partially offset by an increase in administrative expenses and research and development expenses.

Loss per share for the six months ended 30 June 2022 was approximately HK5.60 cents (2021: HK23.15 cents).

The Group's net asset value attributable to owners of the Company per share as at 30 June 2022 was approximately HK\$0.2 (31 December 2021: HK\$0.3).

INTERIM DIVIDEND

The Board has resolved not to pay, and does not recommend the payment of, an interim dividend for the six months ended 30 June 2022 (2021: Nil).

BUSINESS REVIEW

Big Data Services Business

LYGR, a subsidiary of the Company, and its subsidiaries (collectively, “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 an 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 fulfill 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 24 March 2022, the Company entered into an agreement with LYGR to convert an existing non-interest-bearing loan of HK\$25,000,000 from the Company to LYGR into 1,921 shares of LYGR (“LYGR’s Share”) credited as fully paid at the price of HK\$13,008 per LYGR’s Share, which reflects an agreed pre-issue valuation of LYGR of HK\$400,000,000 (“LYGR Third Acquisition”). The Group’s equity interest in LYGR increased by approximately 2.69% from approximately 54.22% to 56.91% on completion of the LYGR Third Acquisition.

During the six months ended 30 June 2022, 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, provided digital risk management services to Chinese financial institutions. The Big Data Services Segment contributed revenue of approximately HK\$201,726,000 (2021: HK\$18,218,000) and segment profit of approximately HK\$23,601,000 (2021: HK\$8,077,000) to the Group for the six months ended 30 June 2022.

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 (“Third-Party Payment Services Segment”).

The Third-Party Payment Services Segment contributed revenue of approximately HK\$30,818,000 (2021: HK\$3,254,000), which represented an increase of approximately 847.1%, and segment loss of approximately HK\$6,989,000 (2021: HK\$657,993,000) to the Group for the six months ended 30 June 2022.

During the six months ended 30 June 2022, there was a recovery in the business activities of the Group's Third-Party Payment Services Segment. The third-party payment transaction volume processed for the six months ended 30 June 2022 increased significantly as compared to that of the corresponding period in 2021. The significant increase in business activities was mainly attributable to (i) the active business expansion pursued by the new management team in compliance with relevant laws and regulations and (ii) the massive shift in consumption from offline merchants to the internet in the first half of the year due to the pandemic, which stimulated growth in online consumption.

Days Services holds Payment License which expired on 28 August 2021. An application had been made for 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 the suitability of Days Services 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. In view of the deteriorating operating and market conditions and the accumulated 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.

Coatings Business

During the six months ended 30 June 2022, due to the outbreak of pandemic in early 2022, revenue for the coatings business decreased to approximately HK\$183,056,000 (2021: HK\$191,468,000). This represented a decrease of approximately 4.4% compared with the corresponding period for the previous year. The segment profit for the coatings business increased to approximately HK\$28,768,000 (2021: HK\$20,448,000) for the six months ended 30 June 2022.

During the six months ended 30 June 2022, the Group's share of profit of Cashew Manfield Holding Limited (formerly known as CMW Holding Limited), an associate of the Company, amounted to approximately HK\$10,880,000 (2021: HK\$18,499,000). The decrease in profit was primarily due to uprise of the labour costs as well as raw materials cost for the period.

Overall Performance

For the six months ended 30 June 2022, the gross profit and gross profit margin of the Group increased to approximately HK\$175,301,000 (2021: HK\$53,743,000) and approximately 42.2% (2021: 25.2%) respectively mainly due to the commencement of the new business segment of big data services in June 2021, which has a higher gross profit margin than the business segments of third-party payment services and coatings.

Other income of the Group increased to approximately HK\$19,412,000 (2021: HK\$11,026,000) for the six months ended 30 June 2022, mainly due to (i) gain on fair value change of convertible bonds and (ii) increase in transportation fee income.

Other gains of the Group increased to approximately HK\$6,131,000 (2021: HK\$3,488,000) for the six months ended 30 June 2022, mainly due to increase in exchange gain of approximately HK\$3,163,000.

Distribution and selling expenses of the Group increased to approximately HK\$28,472,000 (2021: HK\$27,109,000) for the six months ended 30 June 2022, mainly due to an increment of expenses from Big Data Services Segment which commenced in June 2021.

Administrative expenses of the Group increased to approximately HK\$128,371,000 (2021: HK\$68,295,000) for the six months ended 30 June 2022, mainly attributable to an increment in expenses from the Big Data Services Segment which commenced in June 2021.

Research and development expenses of the Group increased to approximately HK\$85,876,000 (2021: HK\$7,931,000) for the six months ended 30 June 2022, mainly due to an increment of expenses from Big Data Services Segment which commenced in June 2021.

Finance costs of the Group increased to approximately HK\$25,652,000 (2021: HK\$22,677,000) for the six months ended 30 June 2022, mainly due to the increase in remaining balance of borrowings.

For the six months ended 30 June 2022, income tax credit of the Group decreased to approximately HK\$5,288,000 (2021: HK\$158,691,000), mainly due to the decrease in 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 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.

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 2022 are set out as follows:

Use	Revised allocation <i>HK\$ million</i>	Utilisation as at 30 June 2022 <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	33.1	–	
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 ^(Note)	End of 2022
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>118.5</u>	<u>1.4</u>	

Note: The net proceeds are unutilized due to the delay in completion of the acquisition of certain land use rights (the “Land Acquisition”) as additional time is required for compliance with necessary registration and approval procedures. In accordance with the land use rights transfer agreement (the “Land Acquisition Agreement”), Zengcheng Fuheyuan Nongzhuang Limited* (增城市福和園農莊有限公司) (the “Vendor”) is required to handle such registration and approval procedures. As disclosed in the announcement of the Company dated 4 January 2022, the Vendor had failed to complete the registration and approval procedures and obtain the necessary approvals and permits for the Land Acquisition by 31 December 2021 in breach of the Land Acquisition Agreement, including failure to procure completion of registration procedures in connection with Certificate for the Use of State-owned Land (《國有土地使用證》), Land Use Permit (《建設用地規劃許可證》) and various other approvals and permits. As at 30 June 2022 and up to the date of this announcement, the registration and approval procedures is still ongoing. The Company will make further announcements to update Shareholders as and when appropriate. Upon completion of such acquisition, the revised allocated proceeds of approximately HK\$1.4 million for partial settlement of the purchase price of the land for phase two of construction of the Springfield production facilities will be fully utilized.

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 2022, the cash and cash equivalent of the Group amounted to approximately HK\$241,557,000 (which were denominated in Renminbi except for amounts equivalent to approximately HK\$47,602,000 and HK\$1,839,000 which were denominated in Hong Kong dollars and Vietnamese Dong, respectively) as compared with approximately HK\$238,016,000 as at 31 December 2021 (which were denominated in Renminbi except for amounts equivalent to approximately HK\$52,144,000 and HK\$1,062,000 which were denominated in Hong Kong dollars and Vietnamese Dong, respectively).

As at 30 June 2022, the Group’s non-current assets of approximately HK\$786,054,000 (31 December 2021: HK\$815,423,000) consisted of property, plant and equipment of approximately HK\$157,368,000 (31 December 2021: HK\$169,033,000), right-of-use assets of approximately HK\$68,702,000 (31 December 2021: HK\$80,772,000), intangible assets of approximately HK\$370,537,000 (31 December 2021: HK\$376,292,000), interests in associates of approximately HK\$164,643,000 (31 December 2021: HK\$168,068,000), deferred tax assets of approximately HK\$22,030,000 (31 December 2021: HK\$18,294,000) and deposits paid for non-current assets of approximately HK\$2,774,000 (31 December 2021: HK\$2,964,000). These non-current assets are principally financed by the shareholders’ funds and borrowings of the Group. As at 30 June 2022, the Group’s net current assets amounted to approximately HK\$234,343,000 (31 December 2021: HK\$354,157,000).

As at 30 June 2022, the Group had total indebtedness of approximately HK\$765,933,000 (31 December 2021: HK\$752,950,000) which comprised borrowings, promissory note payable, convertible bonds and lease liabilities of approximately HK\$561,794,000 (31 December 2021: HK\$519,033,000), HK\$137,524,000 (31 December 2021: HK\$149,303,000), HK\$46,127,000 (31 December 2021: HK\$45,163,000) and HK\$20,488,000 (31 December 2021: HK\$39,451,000), respectively.

As at 30 June 2022, all the borrowings of the Group were denominated in Hong Kong dollars, except for amounts equivalent to approximately HK\$35,975,000 (31 December 2021: HK\$8,559,000) and approximately HK\$11,675,000 (31 December 2021: nil) which were denominated in Renminbi and United States dollars, respectively. As at 30 June 2022 and 31 December 2021, all borrowings carried fixed interest rates. As at 30 June 2022, the promissory note payable bear interest from 0.25% to 1.25% (31 December 2021: 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 2022, the convertible bonds bear interest of 6% (31 December 2021: 6%) per annum and were denominated in Hong Kong dollars. Other borrowing of HK\$500,000,000 (31 December 2021: HK\$500,000,000) is non-recourse to the Company but is 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 at 30 June 2022, out of the total borrowings, approximately HK\$61,794,000 (31 December 2021: HK\$19,033,000) was repayable within one year and HK\$500,000,000 (31 December 2021: HK\$500,000,000) was repayable after one year. As at 30 June 2022, the outstanding principal amount of the promissory note payable was approximately HK\$133,985,000 (31 December 2021: HK\$146,385,000).

As at 30 June 2022, the gearing ratio of the Group was approximately 162.8% (31 December 2021: 135.5%), calculated by dividing total debts (which represents the sum of borrowings, promissory note payable, convertible bonds 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 71.7% (31 December 2021: 52.8%) as at 30 June 2022. The current ratio, calculated by dividing current assets by current liabilities, as at 30 June 2022 was approximately 1.3 times (31 December 2021: 1.6 times).

As at 30 June 2022, 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 2022, the Group had capital commitments contracted for but not provided — acquisition of property, plant and equipment of approximately HK\$3,126,000 (31 December 2021: HK\$2,768,000) and other commitments contracted for but not provided — proposed purchase of land of approximately HK\$6,920,000 (31 December 2021: HK\$7,183,000).

As at 30 June 2022 and 31 December 2021, the Group did not have any material contingent liabilities.

TREASURY POLICY

The Group adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

EMPLOYEES

The Group had 854 (31 December 2021: 826) employees as at 30 June 2022 with total staff cost of approximately HK\$71,278,000 for the six months ended 30 June 2022. 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 2022, 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

The ecosystem in which the Group operates will remain challenging in 2022 as the international political and economic situation continues to be volatile and the impact of COVID-19 continues to expand and affect key cities in China. However, benefitting from the layout of the big data analytics business segment in the early stage, the Group has successfully built an independent "SaaS/PaaS" cloud platform to apply artificial intelligence-enabled algorithmic solutions in retail finance, and has been contracted from time to time to serve dozens of cooperative customers including leading banks, leading licensed consumer finance companies and large-scale personal credit digital promoters in China. Besides, this business area has already recorded over HK\$200 million in revenue in the first half of the year, and has become a stable business support and core growth point for the Group, which has laid a stable foundation for the Group's good performance in 2022.

Looking ahead, the Group will forge ahead and continue to deepen the development of its big data analytics business. We are confident that we will continue to further expand our market share and establish a dominant position in the market through continuous optimisation and upgrading of our products and services to create greater value for our customers and shareholders.

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 2022.

CHANGE IN INFORMATION OF DIRECTORS

The changes in the information of the Directors since 1 January 2022, 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
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Executive Director	
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Ms. Liu Rong Rong	Resigned as an executive Director on 8 April 2022
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Non-executive Director	
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Dr. Dong Liuhan	Appointed as a non-executive director on 4 February 2022
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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 2022, save for the code provision C.2.1 of the CG Code as described below.

CG Code C.2.1

The code provision C.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”. Mr. Gu Zhongli 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 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules 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 2022.

Constitutional Document

At the annual general meeting of the Company held on 1 June 2022, shareholders of the Company has passed a special resolution approving the adoption of the new memorandum and articles of association of the Company. Save as aforesaid, there has been no changes in the constitutional documents of the Company during the six months ended 30 June 2022.

Audit Committee Review

The Audit Committee of the Company, comprising all the Independent Non-executive Directors of the Company, has reviewed with the Company's external auditor, Baker Tilly Hong Kong Limited, 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 2022.

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

Hong Kong, 31 August 2022

At the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Mr. Charles Simon 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 translation of name is for identification purpose only*