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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 AUDITED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Pan Asia Data Holdings Inc. (“**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <i>Note</i> | <b>2022</b><br><i>HK\$’000</i> | 2021<br><i>HK\$’000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Revenue</b>  | 4           | <b>827,832</b>                 | 608,158                 |
| Cost of revenue   |             | <b>(478,289)</b>               | (417,669)               |
| <b>Gross profit</b>   |             | <b>349,543</b>                 | 190,489                 |
| Other income  | 6           | <b>23,280</b>                  | 24,275                  |
| Other gains and losses, net   | 7           | <b>19,573</b>                  | 5,223                   |
| Impairment losses under expected credit loss model, net of reversal | 8           | <b>(3,927)</b>                 | (18,483)                |
| Impairment losses of other intangible assets                        | 14          | –                              | (633,218)               |
| Distribution and selling expenses                                   |             | <b>(88,726)</b>                | (58,136)                |
| Administrative expenses   |             | <b>(172,821)</b>               | (216,494)               |
| Research and development expenses                                   |             | <b>(188,471)</b>               | (67,579)                |
| Finance costs   | 9           | <b>(51,681)</b>                | (46,519)                |
| Share of results of associates                                      | 15          | <b>4,545</b>                   | 25,097                  |

|   | <i>Note</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Loss before taxation</b>               | <i>10</i>   | <b>(108,685)</b>               | (795,345)               |
| Income tax credit                         | <i>11</i>   | <b>5,952</b>                   | 162,072                 |
| <b>Loss for the year</b>                  |             | <b><u>(102,733)</u></b>        | <u>(633,273)</u>        |
| <b>Loss for the year attributable to:</b> |             |                                |                         |
| Owners of the Company                     |             | <b>(85,329)</b>                | (238,682)               |
| Non-controlling interests                 |             | <b>(17,404)</b>                | (394,591)               |
|   |             | <b><u>(102,733)</u></b>        | <u>(633,273)</u>        |
| <b>Loss per share</b>                     |             |                                |                         |
| Basic and diluted                         | <i>13</i>   | <b><u>(HK11.1) cents</u></b>   | <u>(HK33.0) cents</u>   |

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

*FOR THE YEAR ENDED 31 DECEMBER 2022*

|   | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Loss for the year</b>  | <u><b>(102,733)</b></u>        | <u>(633,273)</u>        |
| <b>Other comprehensive (expense)/income</b>   |                                |                         |
| Items that may be reclassified subsequently<br>to profit or loss:                         |                                |                         |
| Exchange differences arising on translation<br>of foreign operations                      | (66,499)                       | 38,077                  |
| Share of other comprehensive (expense)/income<br>of associates, net of related income tax | <u>(11,231)</u>                | <u>4,101</u>            |
| <b>Other comprehensive (expense)/income for the year</b>                                  | <u><b>(77,730)</b></u>         | <u>42,178</u>           |
| <b>Total comprehensive expense for the year</b>   | <u><b>(180,463)</b></u>        | <u>(591,095)</u>        |
| <b>Total comprehensive expense attributable to:</b>                                       |                                |                         |
| Owners of the Company   | (144,352)                      | (214,094)               |
| Non-controlling interests   | <u>(36,111)</u>                | <u>(377,001)</u>        |
|   | <u><b>(180,463)</b></u>        | <u>(591,095)</u>        |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022**

|  | <i>Note</i> | <b>2022</b><br><b>HK\$'000</b> | 2021<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>                                |             |                                |                         |
| Property, plant and equipment                            |             | <b>143,512</b>                 | 169,033                 |
| Right-of-use assets                                      |             | <b>57,818</b>                  | 80,772                  |
| Intangible assets  | <i>14</i>   | <b>369,558</b>                 | 376,292                 |
| Interests in associates                                  | <i>15</i>   | <b>143,957</b>                 | 168,068                 |
| Financial assets at fair value through<br>profit or loss |             | –                              | –                       |
| Deferred tax assets                                      |             | <b>21,929</b>                  | 18,294                  |
| Deposits paid for non-current assets                     |             | <b>2,728</b>                   | 2,964                   |
|  |             | <b>739,502</b>                 | 815,423                 |
| <b>Current assets</b>                                    |             |                                |                         |
| Inventories  |             | <b>63,593</b>                  | 43,254                  |
| Trade and other receivables                              | <i>16</i>   | <b>466,720</b>                 | 454,059                 |
| Tax recoverable  |             | <b>515</b>                     | 25                      |
| Financial assets at fair value through<br>profit or loss |             | <b>33,583</b>                  | 17,659                  |
| Restricted bank deposits                                 | <i>17</i>   | <b>154,368</b>                 | 221,382                 |
| Bank balances and cash                                   |             | <b>212,775</b>                 | 238,016                 |
|  |             | <b>931,554</b>                 | 974,395                 |
| <b>Current liabilities</b>                               |             |                                |                         |
| Trade and other payables                                 | <i>18</i>   | <b>475,481</b>                 | 437,710                 |
| Lease liabilities  |             | <b>8,886</b>                   | 12,587                  |
| Borrowings   | <i>20</i>   | <b>576,898</b>                 | 19,033                  |
| Promissory notes payable                                 | <i>19</i>   | –                              | 149,303                 |
| Convertible bonds — debt component                       | <i>21</i>   | <b>49,985</b>                  | –                       |
| Convertible bonds<br>— embedded derivative component     | <i>21</i>   | <b>76</b>                      | –                       |
| Tax payable  |             | <b>799</b>                     | 1,605                   |
|  |             | <b>1,112,125</b>               | 620,238                 |
| <b>Net current (liabilities)/assets</b>                  |             | <b>(180,571)</b>               | 354,157                 |
| <b>Total assets less current liabilities</b>             |             | <b>558,931</b>                 | 1,169,580               |

|  | <i>Note</i> | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Non-current liabilities</b>                       |             |                                |                         |
| Deferred tax liabilities                             |             | <b>40,025</b>                  | 41,978                  |
| Borrowings   | <i>20</i>   | –                              | 500,000                 |
| Convertible bonds — debt component                   | <i>21</i>   | –                              | 41,624                  |
| Convertible bonds<br>— embedded derivative component | <i>21</i>   | –                              | 3,539                   |
| Lease liabilities                                    |             | <b>4,405</b>                   | 26,864                  |
|  |             | <u><b>44,430</b></u>           | <u>614,005</u>          |
| <b>Net assets</b>                                    |             | <u><b>514,501</b></u>          | <u>555,575</u>          |
| <b>Capital and reserves</b>                          |             |                                |                         |
| Share capital  | <i>22</i>   | <b>8,543</b>                   | 7,615                   |
| Reserves   |             | <b>194,448</b>                 | 204,374                 |
|  |             | <u><b>202,991</b></u>          | <u>211,989</u>          |
| <b>Equity attributable to owners of the Company</b>  |             | <b>202,991</b>                 | 211,989                 |
| <b>Non-controlling interests</b>                     |             | <b>311,510</b>                 | 343,586                 |
|  |             | <u><b>514,501</b></u>          | <u>555,575</u>          |
| <b>Total equity</b>                                  |             | <u><b>514,501</b></u>          | <u>555,575</u>          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL

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

The Company is an investment holding company. The Group is principally engaged in big data services, third-party payment services and manufacturing and trading of liquid coatings and powder coatings.

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

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

#### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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 consolidated financial statements:

|                        |  |
|------------------------|--|
| Amendments to HKFRS 3  | Reference to the Conceptual Framework                        |
| Amendments 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 year had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2.2 New and amendments to HKFRSs in issue but not yet effective

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

|   |   |
|---|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS17) | Insurance Contracts <sup>1</sup>  |
| Amendments to HKFRS 10 and HKAS 28  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>                                  |
| Amendments to HKFRS 16  | Lease Liability in a Sale and Leaseback <sup>3</sup>  |
| Amendments to HKAS 1  | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) <sup>3</sup> |
| Amendments to HKAS 1  | Non-current Liabilities with Covenants <sup>3</sup>   |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                           | Disclosure of Accounting Policies <sup>1</sup>  |
| Amendments to HKAS 8  | Definition of Accounting Estimates <sup>1</sup>   |
| Amendments to HKAS 12   | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>                                       |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The Board anticipate that the application of these new, and amendments to, HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

As at 31 December 2022, the Group had net current liabilities of approximately HK\$180,571,000 and certain capital commitments. In assessing the appropriateness of the adoption of the going concern basis in the preparation of the Group’s consolidated financial statements, the directors of the Company prepared a cash flow forecast, covering a period of twelve months from the date of approval of these consolidated financial statements (the “**Cash Flow Forecast**”) with careful consideration to the future liquidity and financial performance of the Group and its available sources of financing. In preparing the Cash Flow Forecast, the directors of the Company have taken into account (a) the capitalisation of other borrowings amounted to approximately HK\$57,542,000 subsequent to the end of the reporting period, details of which are set out in note 23 below; and (b) the following measures which the Group makes every effort to implement:

- (i) to obtain additional funds by equity financing and long-term debt financing to finance the Group’s working capital;
- (ii) to actively negotiate with the lenders of the other borrowings for the extension of repayments as the Group considers it has sufficient collateral to support the extension;
- (iii) to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations.

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

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

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

#### 4. REVENUE

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Disaggregation of revenue from contracts with customers within the scope of HKFRS 15: |                         |                         |
| <b>Provision of big data services</b>   |                         |                         |
| — Data analytics services   | <u>397,021</u>          | <u>172,835</u>          |
| <b>Provision of third-party payment services</b>                                      |                         |                         |
| — Commission income   | 43,834                  | 24,215                  |
| — Fintech enabling service income   | 303                     | —                       |
| — Others  | <u>755</u>              | <u>2,514</u>            |
|   | <u>44,892</u>           | <u>26,729</u>           |
| <b>Sales of goods</b>   |                         |                         |
| — Liquid coatings   | 343,738                 | 348,470                 |
| — Powder coatings   | <u>42,181</u>           | <u>60,124</u>           |
|   | <u>385,919</u>          | <u>408,594</u>          |
|   | <u><u>827,832</u></u>   | <u><u>608,158</u></u>   |

The Group's revenue recognition policies are disclosed as follows:

##### **Provision of big data services**

The revenue of the Group from provision of big data services is recognised at a point in time. The Group provides data analytics services to customers on a transactional basis. The services provided by the Group are price defined, and the revenue on usage-based subscription contracts with a defined price but an undefined quantity is recognised when the service is provided and billed.

##### **Provision of third-party payment services**

The revenue of the Group from provision of third-party payment services is recognised at a point in time. The Group has concluded it is the principal and recognises the commission income on a gross basis because it controls the services before delivery to the payees, it has primarily responsibility for the delivery of the services and has discretion in setting prices charged to payees. The Group also has the unilateral ability to accept or reject a transaction based on criteria established by the Group. The Group is also liable for the costs of processing the transactions for the payees, and records such costs within cost of revenue.

Revenue from fintech enabling service income is generally recognised when customer acceptance has been obtained.

##### **Sales of goods**

The revenue of the Group from sales of goods is recognised at a point in time. Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for coating products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of coating products that had an original expected duration of one year or less.

## 5. OPERATING SEGMENTS

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

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

|                              |   |
|------------------------------|---|
| Big data services            | — Provision of big data services            |
| 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:

#### Year ended 31 December 2022

|   | Big data<br>services<br><i>HK\$’000</i> | Third-party<br>payment<br>services<br><i>HK\$’000</i> | Coatings<br><i>HK\$’000</i> | Total<br><i>HK\$’000</i> |
|---|---|---|-----------------------------|--------------------------|
| <b>REVENUE</b>  |   |   |                             |                          |
| Segment revenue and external<br>revenue (Point in time) | <u>397,021</u>                          | <u>44,892</u>   | <u>385,919</u>              | <u>827,832</u>           |
| <b>RESULTS</b>  |   |   |                             |                          |
| Segment profits/(losses)                                | <u>29,448</u>                           | <u>(21,299)</u>                                       | <u>61,293</u>               | 69,442                   |
| Interest income   |   |   |                             | 1,073                    |
| Unallocated corporate other income                      |   |   |                             | 6,119                    |
| Unallocated corporate expenses                          |   |   |                             | (141,696)                |
| Unallocated corporate other gains<br>and losses, net    |   |   |                             | 3,513                    |
| Finance costs   |   |   |                             | (51,681)                 |
| Share of results of associates                          |   |   |                             | <u>4,545</u>             |
| Loss before taxation                                    |   |   |                             | (108,685)                |
| Income tax credit                                       |   |   |                             | <u>5,952</u>             |
| Loss for the year                                       |   |   |                             | <u>(102,733)</u>         |

**Year ended 31 December 2021**

|   | Big data<br>services<br><i>HK\$'000</i> | Third-party<br>payment<br>services<br><i>HK\$'000</i> | Coatings<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|---|---|-----------------------------|--------------------------|
| <b>REVENUE</b>  |   |   |                             |                          |
| Segment revenue and external<br>revenue (Point in time) | <u>172,835</u>                          | <u>26,729</u>   | <u>408,594</u>              | <u>608,158</u>           |
| <b>RESULTS</b>  |   |   |                             |                          |
| Segment profits/(losses)                                | <u>17,664</u>                           | <u>(691,419)</u>                                      | <u>43,992</u>               | (629,763)                |
| Interest income   |   |   |                             | 1,196                    |
| Unallocated corporate other income                      |   |   |                             | 6,199                    |
| Unallocated corporate expenses                          |   |   |                             | (151,017)                |
| Unallocated corporate other gains<br>and losses, net    |   |   |                             | (538)                    |
| Finance costs   |   |   |                             | (46,519)                 |
| Share of results of associates                          |   |   |                             | <u>25,097</u>            |
| Loss before taxation                                    |   |   |                             | (795,345)                |
| Income tax credit                                       |   |   |                             | <u>162,072</u>           |
| Loss for the year                                       |   |   |                             | <u>(633,273)</u>         |

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 loss on disposal of property, plant and equipment, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, share-based payment, gain on fair value change of convertible bonds, 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 and other information

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

As at 31 December 2022

|  | Big data<br>services<br>HK\$'000 | Third-party<br>payment<br>services<br>HK\$'000 | Coatings<br>HK\$'000 | Total<br>HK\$'000 |
|--|----------------------------------|--|----------------------|-------------------|
| <b>ASSETS</b>  |                                  |  |                      |                   |
| Segment assets   | 550,286                          | 459,391  | 454,313              | 1,463,990         |
| Unallocated assets   |                                  |  |                      | 207,066           |
|  |                                  |  |                      | <u>1,671,056</u>  |
| <b>LIABILITIES</b>   |                                  |  |                      |                   |
| Segment liabilities  | 133,920                          | 203,045  | 609,742              | 946,707           |
| Unallocated liabilities  |                                  |  |                      | 209,848           |
|  |                                  |  |                      | <u>1,156,555</u>  |
| <b>OTHER INFORMATION</b>   |                                  |  |                      |                   |
| Interests in associates  | 405                              | –  | 143,552              | 143,957           |
| Additions to non-current assets ( <i>Note</i> )                                  | 16,838                           | –  | 10,521               | 27,359            |
| Depreciation and amortisation  |                                  |  |                      |                   |
| — Allocated  | 18,852                           | 2,393  | 22,079               | 43,324            |
| — Unallocated  |                                  |  |                      | 920               |
|  |                                  |  |                      | <u>44,244</u>     |
| Impairment losses on trade and other<br>receivables recognised in profit or loss | 1,125                            | 2,236  | 566                  | 3,927             |
| Interest income  |                                  |  |                      |                   |
| — Allocated  | 53                               | 84   | 933                  | 1,070             |
| — Unallocated  |                                  |  |                      | 3                 |
|  |                                  |  |                      | <u>1,073</u>      |
| Interest expense   |                                  |  |                      |                   |
| — Allocated  | 319                              | 2,848  | 35,719               | 38,886            |
| — Unallocated  |                                  |  |                      | 12,795            |
|  |                                  |  |                      | <u>51,681</u>     |
| Income tax (credit)/expense  | <u>(6,305)</u>                   | <u>(559)</u>                                   | <u>912</u>           | <u>(5,952)</u>    |

**As at 31 December 2021**

|  | Big data<br>services<br>HK\$'000 | Third-party<br>payment<br>services<br>HK\$'000 | Coatings<br>HK\$'000 | Total<br>HK\$'000 |
|--|----------------------------------|--|----------------------|-------------------|
| <b>ASSETS</b>  |                                  |  |                      |                   |
| Segment assets   | 534,337                          | 565,916  | 472,692              | 1,572,945         |
| Unallocated assets   |                                  |  |                      | 216,873           |
|  |                                  |  |                      | <u>1,789,818</u>  |
| <b>LIABILITIES</b>   |                                  |  |                      |                   |
| Segment liabilities  | 95,322                           | 252,968  | 596,674              | 944,964           |
| Unallocated liabilities  |                                  |  |                      | 289,279           |
|  |                                  |  |                      | <u>1,234,243</u>  |
| <b>OTHER INFORMATION</b>   |                                  |  |                      |                   |
| Interests in associates  | –                                | –  | 168,068              | 168,068           |
| Additions to non-current assets ( <i>Note</i> )  |                                  |  |                      |                   |
| — Allocated  | 418,581                          | 4,469  | 34,936               | 457,986           |
| — Unallocated  |                                  |  |                      | 1,854             |
|  |                                  |  |                      | <u>459,840</u>    |
| Depreciation and amortisation  |                                  |  |                      |                   |
| — Allocated  | 9,150                            | 16,507   | 23,641               | 49,298            |
| — Unallocated  |                                  |  |                      | 1,072             |
|  |                                  |  |                      | <u>50,370</u>     |
| Impairment losses of other intangible assets<br>recognised in profit or loss                   | 1,624                            | 631,594  | –                    | 633,218           |
| Impairment losses on trade and<br>other receivables recognised/(reversed)<br>in profit or loss | 1,830                            | 17,247   | (594)                | 18,483            |
| Interest income  |                                  |  |                      |                   |
| — Allocated  | 71                               | 236  | 887                  | 1,194             |
| — Unallocated  |                                  |  |                      | 2                 |
|  |                                  |  |                      | <u>1,196</u>      |
| Interest expense   |                                  |  |                      |                   |
| — Allocated  | 561                              | 608  | 35,810               | 36,979            |
| — Unallocated  |                                  |  |                      | 9,540             |
|  |                                  |  |                      | <u>46,519</u>     |
| Income tax expense/(credit)  | <u>551</u>                       | <u>(162,679)</u>                               | <u>56</u>            | <u>(162,072)</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 payables, lease liabilities and borrowings attributable to sales activities of each segment with the exception of corporate expense payables.

*Note:* Non-current assets excluded interests in associates, financial assets at fair value through profit or loss, deferred tax assets and deposits paid for non-current assets.

### **Revenue from major customers**

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

|                            | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|----------------------------|-------------------------|-------------------------|
| Customer A ( <i>Note</i> ) | <u>127,554</u>          | <u>N/A</u>              |

*Note:* Revenue from big data services segment, and the corresponding revenue did not contribute over 10% of the total revenue of the Group in previous year.

### **Geographical information**

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

|         | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------|-------------------------|-------------------------|
| The PRC | 530,913                 | 579,539                 |
| Vietnam | 35,898                  | 41,200                  |
| Others  | <u>4,077</u>            | <u>5,358</u>            |
|         | <u>570,888</u>          | <u>626,097</u>          |

*Note:* Non-current assets excluded interests in associates, financial assets at fair value through profit or loss, deferred tax assets and deposits paid for non-current assets.

## 6. OTHER INCOME

|                           | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------------------|-------------------------|-------------------------|
| Royalty fee income        | 10,055                  | 11,280                  |
| Management fee income     | 2,600                   | 2,600                   |
| Rental income             | 3,519                   | 3,599                   |
| Transportation fee income | 6,033                   | 5,600                   |
| Interest income           | 1,073                   | 1,196                   |
|                           | <u>23,280</u>           | <u>24,275</u>           |

## 7. OTHER GAINS AND LOSSES, NET

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Net loss on disposal of property, plant and equipment                                     | (310)                   | (2,016)                 |
| Net exchange gain/(loss)  | 6,744                   | (2,523)                 |
| Net gain on lease modification  | 553                     | 636                     |
| Gain/(loss) on fair value change of financial assets at fair value through profit or loss | 1,128                   | (498)                   |
| Gain on fair value change of convertible bonds ( <i>Note 21</i> )                         | 3,463                   | –                       |
| Government grants ( <i>Note</i> )   | 4,843                   | 3,091                   |
| Gain on step acquisition of a subsidiary ( <i>Note 15(ii)</i> )                           | –                       | 3,697                   |
| Others  | 3,152                   | 2,836                   |
|   | <u>19,573</u>           | <u>5,223</u>            |

*Note:* Mainly subsidies received from government authority for the support of the development of the Group's subsidiaries as new and high technology enterprise and contribution to local economic development. There is no specified condition attached to these subsidies.

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

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Impairment losses recognised in respect of: |                         |                         |
| — Trade receivables                         | 3,047                   | 7,748                   |
| — Other receivables and deposits            | 880                     | 10,735                  |
|   | <u>3,927</u>            | <u>18,483</u>           |

## 9. FINANCE COSTS

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest on bank borrowing and other borrowing                     | 39,963                  | 39,565                  |
| Interest on lease liabilities                                      | 870                     | 2,014                   |
| Effective interest expense on convertible bonds ( <i>Note 21</i> ) | 8,361                   | 135                     |
| Imputed interest on promissory notes payable ( <i>Note 19</i> )    | 2,487                   | 4,805                   |
|  | <u>51,681</u>           | <u>46,519</u>           |

## 10. LOSS BEFORE TAXATION

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss before taxation has been arrived at after charging:                      |                         |                         |
| Auditor's remuneration  | 3,080                   | 3,080                   |
| Directors' emoluments:  |                         |                         |
| — Fee   | 705                     | 540                     |
| — Salaries and other benefits   | 9,224                   | 11,883                  |
| — Discretionary bonuses   | 1,969                   | 383                     |
| — Retirement benefit scheme contributions                                     | 359                     | 53                      |
| — Share-based payment   | —                       | 9,695                   |
|   | <u>12,257</u>           | <u>22,554</u>           |
| Other staff costs:  |                         |                         |
| — Salaries and other benefits   | 187,856                 | 146,144                 |
| — Retirement benefit scheme contributions                                     | 17,622                  | 14,345                  |
| — Share-based payment   | —                       | 6,819                   |
|   | <u>217,735</u>          | <u>189,862</u>          |
| Total staff costs   | 217,735                 | 189,862                 |
| Depreciation of property, plant and equipment                                 | 28,566                  | 24,511                  |
| Depreciation of right-of-use assets   | 13,719                  | 13,490                  |
| Amortisation of intangible assets ( <i>Note 14</i> )                          | 1,959                   | 12,369                  |
|   | <u>44,244</u>           | <u>50,370</u>           |
| Total depreciation and amortisation   | 44,244                  | 50,370                  |
| Cost of inventories recognised as an expense<br>(included in cost of revenue) | 260,335                 | 280,772                 |
| Donation  | 793                     | 1,890                   |
|   | <u>793</u>              | <u>1,890</u>            |

## 11. INCOME TAX CREDIT

|                               | 2022<br>HK\$'000 | 2021<br>HK\$'000 |
|-------------------------------|------------------|------------------|
| Current tax:                  |                  |                  |
| Hong Kong Profits Tax:        |                  |                  |
| Current year                  | 333              | 1,739            |
| Over-provision in prior years | —                | (207)            |
|                               | <u>333</u>       | <u>1,532</u>     |
| PRC Enterprise Income Tax:    |                  |                  |
| Current year                  | 659              | 319              |
| Over-provision in prior years | (80)             | (1,835)          |
|                               | <u>579</u>       | <u>(1,516)</u>   |
| Deferred tax credit           | <u>(6,864)</u>   | <u>(162,088)</u> |
| Income tax credit             | <u>(5,952)</u>   | <u>(162,072)</u> |

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

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC in Enterprise Income tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the applicable tax rate for the Company’s subsidiaries registered in the PRC is 25% for both years, except 萬輝(廣州)高新材料有限公司 (Manfield (Guangzhou) Innovative Materials Limited\*) (“**Manfield GZ**”) and 聯洋國融(北京)科技有限公司 (Lian Yang Guo Rong (Beijing) Science and Technology Co., Ltd.\*) (“**LYGR (Beijing)**”). Manfield GZ obtained qualification as a high and new technology enterprise on 28 November 2018, which is valid for three years, and the relevant application to the competent tax authority has also been filed. The qualification as a high and new technology enterprise has been renewed for an additional three years on 20 December 2021. Hence, Manfield GZ is subject to the preferential tax treatment and the applicable tax rate for the year ended 31 December 2022 is 15% (2021: 15%). LYGR (Beijing) obtained qualification as a high and new technology enterprise on 25 October 2021, which is valid for three years. Hence, LYGR (Beijing) is subject to the preferential tax treatment and the applicable tax rate for the year ended 31 December 2022 is 15% (2021: 15%).

The taxation credit for the year can be reconciled to the loss before taxation as follows:

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss before taxation   | (108,685)               | (795,345)               |
| Less: Share of results of associates                               | <u>(4,545)</u>          | <u>(25,097)</u>         |
|  | <u>(113,230)</u>        | <u>(820,442)</u>        |
| Taxation at Hong Kong Profits Tax rate of 16.5%                    | (18,683)                | (135,373)               |
| Tax effect of expenses not deductible for tax purposes             | 15,281                  | 14,757                  |
| Tax effect of income not taxable for tax purposes                  | (1,016)                 | (1,678)                 |
| Tax effect of tax losses not recognised                            | 27,435                  | 29,337                  |
| Utilisation of tax losses previously not recognised                | (5,980)                 | (879)                   |
| Effect of different tax rates of subsidiaries operating in the PRC | (8,525)                 | (53,460)                |
| Effect of two-tiered tax rates in Hong Kong                        | (165)                   | (165)                   |
| Over-provision in prior years                                      | (80)                    | (2,042)                 |
| Additional deduction for research and development expense          | (14,122)                | (12,817)                |
| Others   | <u>(97)</u>             | <u>248</u>              |
| Taxation credit for the year                                       | <u>(5,952)</u>          | <u>(162,072)</u>        |

## 12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2022 and 2021, nor has any dividend been proposed after the end of reporting period.

## 13. LOSS PER SHARE

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

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss for the year attributable to owners of the Company  | <u>(85,329)</u>         | <u>(238,682)</u>        |
|  | 2022<br><i>'000</i>     | 2021<br><i>'000</i>     |
| <b>Number of shares:</b>   |                         |                         |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>770,131</u>          | <u>722,924</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 exercises would result in a decrease in loss per share.

## 14. INTANGIBLE ASSETS

|  | Goodwill<br>HK\$'000 | Computer<br>software<br>HK\$'000 | Trademarks<br>HK\$'000 | Technology<br>HK\$'000 | Licenses<br>HK\$'000 | Distribution<br>network<br>HK\$'000 | Supplier<br>relationship<br>HK\$'000 | Total<br>HK\$'000 |
|--|----------------------|----------------------------------|------------------------|------------------------|----------------------|-------------------------------------|--------------------------------------|-------------------|
| <b>Cost</b>  |                      |                                  |                        |                        |                      |                                     |                                      |                   |
| At 1 January 2021                                  | 338,250              | 15,665                           | 203,660                | 106,939                | 1,048,598            | 230,514                             | –                                    | 1,943,626         |
| Acquired on step<br>acquisition of<br>a subsidiary | 114,545              | 21,346                           | –                      | –                      | –                    | –                                   | 238,529                              | 374,420           |
| Exchange adjustments                               | –                    | 1,239                            | 5,263                  | 2,763                  | 27,097               | 5,957                               | 4,433                                | 46,752            |
| At 31 December 2021 and<br>1 January 2022          | <b>452,795</b>       | <b>38,250</b>                    | <b>208,923</b>         | <b>109,702</b>         | <b>1,075,695</b>     | <b>236,471</b>                      | <b>242,962</b>                       | <b>2,364,798</b>  |
| Disposals  | –                    | (2,337)                          | –                      | –                      | –                    | –                                   | –                                    | (2,337)           |
| Exchange adjustments                               | –                    | (3,237)                          | (17,050)               | (8,953)                | (87,785)             | (19,298)                            | (4,433)                              | (140,756)         |
| At 31 December 2022                                | <b>452,795</b>       | <b>32,676</b>                    | <b>191,873</b>         | <b>100,749</b>         | <b>987,910</b>       | <b>217,173</b>                      | <b>238,529</b>                       | <b>2,221,705</b>  |
| <b>Amortisation and<br/>impairment</b>             |                      |                                  |                        |                        |                      |                                     |                                      |                   |
| At 1 January 2021                                  | 338,250              | 6,496                            | 121,287                | 75,941                 | 624,481              | 150,490                             | –                                    | 1,316,945         |
| Provided for the year<br>(Note 10)                 | –                    | 3,310                            | –                      | 4,360                  | –                    | 4,699                               | –                                    | 12,369            |
| Impairment losses<br>recognised                    | –                    | 8,968                            | 84,501                 | 27,362                 | 435,076              | 77,311                              | –                                    | 633,218           |
| Exchange adjustments                               | –                    | 691                              | 3,135                  | 2,039                  | 16,138               | 3,971                               | –                                    | 25,974            |
| At 31 December 2021 and<br>1 January 2022          | <b>338,250</b>       | <b>19,465</b>                    | <b>208,923</b>         | <b>109,702</b>         | <b>1,075,695</b>     | <b>236,471</b>                      | <b>–</b>                             | <b>1,988,506</b>  |
| Provided for the year<br>(Note 10)                 | –                    | 1,959                            | –                      | –                      | –                    | –                                   | –                                    | 1,959             |
| Eliminated on disposals                            | –                    | (2,337)                          | –                      | –                      | –                    | –                                   | –                                    | (2,337)           |
| Exchange adjustments                               | –                    | (2,895)                          | (17,050)               | (8,953)                | (87,785)             | (19,298)                            | –                                    | (135,981)         |
| At 31 December 2022                                | <b>338,250</b>       | <b>16,192</b>                    | <b>191,873</b>         | <b>100,749</b>         | <b>987,910</b>       | <b>217,173</b>                      | <b>–</b>                             | <b>1,852,147</b>  |
| <b>Carrying amount</b>                             |                      |                                  |                        |                        |                      |                                     |                                      |                   |
| At 31 December 2021                                | <u>114,545</u>       | <u>18,785</u>                    | <u>–</u>               | <u>–</u>               | <u>–</u>             | <u>–</u>                            | <u>242,962</u>                       | <u>376,292</u>    |
| At 31 December 2022                                | <u>114,545</u>       | <u>16,484</u>                    | <u>–</u>               | <u>–</u>               | <u>–</u>             | <u>–</u>                            | <u>238,529</u>                       | <u>369,558</u>    |

The above intangible assets, other than goodwill, supplier relationship, licenses and trademarks, have finite useful lives. Such intangible assets are amortised on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

|                      |        |
|----------------------|--------|
| Technology           | 20%    |
| Distribution network | 10%    |
| Computer software    | 9%–19% |

The supplier relationship, licenses and trademarks have a legal life of 5 years per contract, 5 years and 10 years but are renewable every year, 5 years and 10 years, respectively, at minimal cost. The Directors are of the opinion that the Group would renew the supplier relationship, licenses and trademarks continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which support that the supplier relationship, licenses and trademarks have no foreseeable limit to the period over which the supplier relationship, licenses and trademarked products are expected to generate net cash flows for the Group.

As a result, supplier relationship, licenses and trademarks are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The supplier relationship, licenses and trademarks will not be amortised until their useful life is determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

## 15. INTERESTS IN ASSOCIATES

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Cost of investments in associates, unlisted  | 1,088                   | 513                     |
| Accumulated share of post-acquisition results and<br>other comprehensive income, net of dividends received | <u>142,869</u>          | <u>167,555</u>          |
|  | <u><b>143,957</b></u>   | <u>168,068</u>          |
| Share of results of associates during the year   | <u><b>4,545</b></u>     | <u>25,097</u>           |

In July 2022, the Group invested approximately HK\$575,000 in an investee for a 49% equity interest. The Group is regarded to be able to exert significant influence on the investee by virtue of the fact that the Group holds a significant equity holding in the investee, and accordingly the investment has been accounted for as an associate of the Group.

Set out below are the associates of the Group as at 31 December 2022 and 2021 which, in the opinion of the Directors, are material to the Group and principally affected the results or assets of the Group:

| Name of associate                                   | Form of business structure | Place of incorporation/ operation | Issued and fully paid share capital/ registered capital | Attributable equity interest of the Group as at |      | Principal activities                       |
|---|----------------------------|-----------------------------------|---|---|------|--|
|   |                            |                                   |   | 2022  | 2021 |  |
| Cashew Manfield Holding Limited (“CM Holding”)      | Limited liability company  | Hong Kong                         | HK\$500,000   | 45%   | 45%  | Manufacturing and trading of coatings      |
| Lian Yang Guo Rong Holdings Limited (“LYGR”) (Note) | Limited liability company  | Cayman Islands                    | US\$30,750  | N/A   | N/A  | Provision of information and data services |

*Note:* On 10 September 2019, the Company entered into a share purchase and subscription agreement (the “**LYGR Share Purchase and Subscription Agreement**”) with FHJL Investment Limited, An Chen New Technology Holding Ltd and Lian Yang Investment Limited (“**Lian Yang Investment**”) (collectively, the “**LYGR Vendors**”) and LYGR, the terms and conditions of the LYGR Share Purchase and Subscription Agreement included:

- (i) the LYGR Vendors shall as beneficial owners sell, and the Company shall purchase, 3,750 shares of LYGR at consideration which shall be satisfied by the allotment and issue of 17,474,735 new ordinary shares by the Company to the LYGR Vendors at the issue price of HK\$2.85 per share; and
- (ii) LYGR shall allot and issue, and the Company shall subscribe for 5,750 shares at the consideration of RMB69,000,000 (equivalent to approximately HK\$76,365,000), which shall be satisfied by the Company in cash (collectively referred to as “**LYGR Acquisition**”).

Upon completion of LYGR Acquisition on 31 December 2019, the Company’s equity interest in LYGR was 30.89% and LYGR became an associate of the Company. On 31 December 2019, the fair value of 17,474,735 new ordinary shares issued by the Company was approximately HK\$66,054,000 by reference to the closing price of HK\$3.78 per share. Accordingly, the total consideration for LYGR Acquisition was approximately HK\$142,419,000.

During the year ended 31 December 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 (“**LYGR Second Acquisition**”). Upon completion of the LYGR Second 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.

The arrangement of the above investments provided the Group with the power to participate in the financial and operating decisions but not control or joint control over those decisions. Under HKAS 28 Investments in Associates and Joint Ventures, these entities were classified as associates and had been accounted for in the consolidated financial statements using equity method for the years ended 31 December 2022 and 2021 respectively.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs.

**(i) CM Holding**

|  | <b>2022</b><br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>As at 31 December</b>   |                                |                         |
| Current assets   | <u>370,921</u>                 | <u>462,936</u>          |
| Non-current assets   | <u>35,351</u>                  | <u>41,367</u>           |
| Current liabilities  | <u>(75,974)</u>                | <u>(119,365)</u>        |
| Non-current liabilities  | <u>(11,893)</u>                | <u>(12,212)</u>         |
| Net assets   | <u>318,405</u>                 | <u>372,726</u>          |
| <b>For the year ended 31 December</b>                                  |                                |                         |
| Revenue  | <u>604,127</u>                 | <u>688,251</u>          |
| Profit for the year  | <u>10,532</u>                  | <u>54,477</u>           |
| Other comprehensive (expense)/income for the year                      | <u>(24,853)</u>                | <u>8,900</u>            |
| Total comprehensive (expense)/income for the year                      | <u>(14,321)</u>                | <u>63,377</u>           |
| The Group's share of results of an associate for the year              | <u>4,739</u>                   | <u>24,515</u>           |
| The Group's share of other comprehensive (expense)/income for the year | <u>(11,184)</u>                | <u>4,005</u>            |
| Dividends paid to the Group  | <u>(18,000)</u>                | <u>(13,500)</u>         |

Reconciliation of the above summarised financial information to the carrying amount of the interest in CM Holding recognised in the consolidated financial statements:

|  | <b>2022</b>           | 2021           |
|--|-----------------------|----------------|
|  | <b>HK\$'000</b>       | HK\$'000       |
| Net assets of CM Holding                                   | <b>318,405</b>        | 372,726        |
| Proportion of the Group's ownership interest in CM Holding | <b>45%</b>            | 45%            |
| Carrying amount of the Group's interest in CM Holding      | <b><u>143,282</u></b> | <u>167,727</u> |

**(ii) LYGR**

|   | 2021          |
|---|---------------|
|   | HK\$'000      |
| <b>As at 31 December</b>  |               |
| Current assets  | <u>N/A</u>    |
| Non-current assets  | <u>N/A</u>    |
| Current liabilities   | <u>N/A</u>    |
| Net assets  | <u>N/A</u>    |
| <b>For the year ended 31 December</b>   |               |
| Revenue   | <u>50,651</u> |
| Profit for the year attributable to owners of the Company                     | <u>1,929</u>  |
| Other comprehensive income for the year attributable to owners of the Company | <u>277</u>    |
| Total comprehensive income for the year attributable to owners of the Company | <u>2,206</u>  |
| The Group's share of results of an associate for the year                     | <u>595</u>    |
| The Group's share of other comprehensive income for the year                  | <u>86</u>     |
| Dividends paid to the Group   | <u>–</u>      |

In the previous years, the Group held 30.89% equity interest in LYGR and accounted for the investment as an associate. In June 2021, the Group deemed disposed of 30.89% equity interest in LYGR since LYGR become a subsidiary. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

|   |                  |
|---|------------------|
|   | <b>2021</b>      |
|   | <b>HK\$'000</b>  |
| Fair value of 30.89% equity interest in LYGR at the date of deemed disposal | <b>113,128</b>   |
| Less: carrying amount of 30.89% equity interest in LYGR                     | <b>(109,431)</b> |
|   | <b>3,697</b>     |

Gain on step acquisition of a subsidiary (*Note 7*)

**(iii) Aggregate information of associates that are not individually material:**

|  | <b>For the year ended</b> |          |
|--|---------------------------|----------|
|  | <b>31 December</b>        |          |
|  | <b>2022</b>               | 2021     |
|  | <b>HK\$'000</b>           | HK\$'000 |
| The Group's share of results of associates for the year                | <b>(194)</b>              | (13)     |
| The Group's share of other comprehensive (expense)/income for the year | <b>(47)</b>               | 10       |
|  | <b>As at 31 December</b>  |          |
|  | <b>2022</b>               | 2021     |
|  | <b>HK\$'000</b>           | HK\$'000 |
| Aggregate carrying amount of the Group's interests in these associates | <b>675</b>                | 341      |

## 16. TRADE AND OTHER RECEIVABLES

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade receivables  | 285,131                 | 286,547                 |
| Less: loss allowance on trade receivables                              | <u>(31,430)</u>         | <u>(33,427)</u>         |
|  | 253,701                 | 253,120                 |
| Bills receivables  | <u>6,120</u>            | <u>8,830</u>            |
| Total trade and bills receivables                                      | 259,821                 | 261,950                 |
| Other receivables, deposits and prepayments                            |                         |                         |
| — Trade deposits paid to merchants                                     | 125,173                 | 129,322                 |
| — Receivable from the clearing houses for third-party payment services | –                       | 3,024                   |
| — Other receivables and prepayments                                    | <u>81,726</u>           | <u>59,763</u>           |
| Total trade and other receivables                                      | <u><u>466,720</u></u>   | <u><u>454,059</u></u>   |

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

|               | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0–30 days     | 66,517                  | 71,187                  |
| 31–60 days    | 48,657                  | 52,291                  |
| 61–90 days    | 37,631                  | 26,332                  |
| 91–180 days   | 31,879                  | 38,353                  |
| Over 180 days | <u>75,137</u>           | <u>73,787</u>           |
|               | <u><u>259,821</u></u>   | <u><u>261,950</u></u>   |

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$194,600,000 (2021: HK\$168,110,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$107,621,000 (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.

## 17. RESTRICTED BANK DEPOSITS

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Restricted bank deposits comprises:   |                         |                         |
| Maintained for the purpose of settlements of outstanding payable to merchants when the third-party payment accounts' holders make purchase transactions with respective merchants ( <i>Note</i> ) | 150,366                 | 215,664                 |
| Maintained for merchants as performance guarantee deposits  | 392                     | 1,162                   |
| Maintained as reserve deposits to secure the Group's use of online business to business payment platforms provided by the banks   | 2,472                   | 3,317                   |
| Maintained as reserve deposits to the general risk reserve funds as governed by the PRC government  | <u>1,138</u>            | <u>1,239</u>            |
|   | <u><u>154,368</u></u>   | <u><u>221,382</u></u>   |

*Note:* These restricted deposits are maintained to fulfil the requirements as per announcement of the People's Bank of China ("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 the third-party payment accounts' holders by the Group must be deposited in the 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.

## 18. TRADE AND OTHER PAYABLES

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade payables                         | 200,353                 | 119,833                 |
| Accrued staff cost                     | 22,566                  | 20,063                  |
| Payables to merchants                  | 52,577                  | 66,174                  |
| Unutilised float funds ( <i>Note</i> ) | 95,819                  | 129,037                 |
| Other payables and accruals            | <u>104,166</u>          | <u>102,603</u>          |
|  | <u><u>475,481</u></u>   | <u><u>437,710</u></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 periods. The Group is required to pay to the merchants from these funds when the third-party payment accounts' holders make purchase transactions with respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Group and individual merchants and number of purchase transactions.

The credit period on purchases of goods and service provided from suppliers is 30–180 days (2021: 30–180 days). The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

|              | <b>2022</b>            | 2021            |
|--------------|------------------------|-----------------|
|              | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| 0–30 days    | <b>93,999</b>          | 93,121          |
| 31–60 days   | <b>14,799</b>          | 13,572          |
| 61–90 days   | <b>11,340</b>          | 3,425           |
| Over 90 days | <b>80,215</b>          | 9,715           |
|              | <b><u>200,353</u></b>  | <u>119,833</u>  |

#### 19. PROMISSORY NOTES PAYABLE

|  | <b>Promissory<br/>Note<br/>(Note 1)<br/><i>HK\$'000</i></b> |
|--|---|
| At 1 January 2021                      | 163,579   |
| Imputed interest ( <i>Note 9</i> )     | 4,805   |
| Repayment of promissory note           | <u>(19,081)</u>   |
| At 31 December 2021 and 1 January 2022 | <b>149,303</b>  |
| Imputed interest ( <i>Note 9</i> )     | <b>2,487</b>  |
| Repayment of promissory note           | <b>(12,401)</b>   |
| Settlement of promissory note          | <b><u>(139,389)</u></b>                                     |
| At 31 December 2022                    | <u>–</u>  |
|  | 2021  |
|  | <i>HK\$'000</i>   |
| Analysed for reporting purposes as:    |   |
| Current liabilities                    | 149,303   |
| Non-current liabilities                | <u>–</u>  |
|  | <b><u>149,303</u></b>                                       |

Notes:

- (1) On 27 February 2020, the Group issued a promissory note to Mao Hong Holding Limited with principal amount of HK\$230,000,000, interest-bearing at rates from 0.25% to 1.25% per annum depending on the repayment date, which will mature on 26 February 2022 (the “**Promissory Note**”) as part of the consideration to acquire a 51% equity interest in Mao Hong Information Technology Holding Limited. As at 31 December 2021, the outstanding principal amount of the Promissory Note was approximately HK\$146,385,000. Since March 2022, the Group entered into three agreements with the note holder to extend the maturity date of the Promissory Note to the earlier of (a) the day the note holder demands payment and (b) 30 November 2022.
- (2) On 17 November 2022, Mao Hong Holding Limited has agreed to assign all of the rights, title, interests and benefits in and to the Promissory Note to a third party independent of the Group (the “**Subscriber**”) with no consideration. On 22 November 2022, after negotiation with the Subscriber, the Group and the Subscriber agreed to settle the outstanding sum of the Promissory Note of approximately HK\$139,389,000 in aggregate by way of allotment and issue of a total of 92,833,316 new ordinary shares of the Company at the price of HK\$1.5015 per share to the Subscriber (the “**Shares Allotment**”). On 28 November 2022, the condition of the Shares Allotment has been fulfilled and the Shares Allotment has completed. Upon completion of the Shares Allotment, the Promissory Note has been cancelled and the obligations of the parties to the Promissory Note ceased and determined and neither party has had any claim against each other in respect of the Promissory Note since.

## 20. BORROWINGS

|   | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Secured   |                         |                         |
| — Bank borrowing ( <i>Note (i)</i> )  | 10,075                  | 8,559                   |
| — Other borrowing ( <i>Note (ii)</i> )  | 500,000                 | 500,000                 |
| Unsecured   |                         |                         |
| — Other borrowing ( <i>Note (iii)</i> )   | 66,823                  | 10,474                  |
|   | <u>576,898</u>          | <u>519,033</u>          |
| Less: Amount due for settlement within one year shown under current liabilities | <u>(576,898)</u>        | <u>(19,033)</u>         |
| Amount due for settlement after one year shown under non-current liabilities    | <u>—</u>                | <u>500,000</u>          |

Notes:

- (i) As at 31 December 2022, the Group had fixed-rate bank borrowing of RMB9,000,000 (equivalent to approximately HK\$10,075,000) (2021: RMB7,000,000 (equivalent to approximately HK\$8,559,000)), which was denominated in Renminbi (“**RMB**”) and carried interest at 4.5% per annum (2021: 5% per annum). The bank borrowing was secured by the personal guarantees and is repayable on 7 September 2023.

- (ii) As at 31 December 2022 and 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 31 December 2022, the Group had three fixed-rate other borrowings totalling of approximately HK\$12,708,000 (2021: HK\$10,474,000), which were all denominated in HK\$ and carried interest at 1.5% per month (2021: 1.5% per month). The borrowings are unsecured and repayable in 2023.

As at 31 December 2022, the Group had a fixed-rate other borrowing of HK\$3,000,000 (2021: Nil), which was denominated in HK\$ and carried interest at 12% per annum (2021: Nil). The borrowings are unsecured and repayable in 2023.

As at 31 December 2022, the Group had three fixed-rate other borrowings of HK\$7,000,000 (2021: Nil), US\$1,500,000 (equivalent to approximately HK\$11,675,000) (2021: Nil) and RMB27,000,000 (equivalent to approximately HK\$32,440,000) (2021: Nil) respectively, carried interest at 6% per annum. The other borrowings are unsecured and repayable in 2023.

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

|  | 2022<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Within one year  | 576,898                 | 19,033                  |
| Within a period more than one year but not exceeding two years | –                       | 500,000                 |
|  | <u>576,898</u>          | <u>519,033</u>          |

## 21. 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 (whose 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.

|  | <b>Debt<br/>component</b> | <b>Embedded<br/>derivative<br/>component</b> | <b>Total</b>    |
|--|---------------------------|--|-----------------|
|  | <i>HK\$'000</i>           | <i>HK\$'000</i>                              | <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<br>immediately | –                         | 81   | 81              |
| Interest charge ( <i>Note 9</i> )                            | 135                       | –  | 135             |
|  | <hr/>                     | <hr/>  | <hr/>           |
| As at 31 December 2021 and 1 January 2022                    | <b>41,624</b>             | <b>3,539</b>                                 | <b>45,163</b>   |
| Gain arising on changes in fair value ( <i>Note 7</i> )      | –                         | <b>(3,463)</b>                               | <b>(3,463)</b>  |
| Interest charge ( <i>Note 9</i> )                            | <b>8,361</b>              | –  | <b>8,361</b>    |
| As at 31 December 2022                                       | <b>49,985</b>             | <b>76</b>                                    | <b>50,061</b>   |
|  | <hr/> <hr/>               | <hr/> <hr/>                                  | <hr/> <hr/>     |

|   | <b>2022</b>               | <b>2021</b>        |
|---|---------------------------|--------------------|
|   | <i>HK\$'000</i>           | <i>HK\$'000</i>    |
| Analysed for reporting purposes as:               |                           |                    |
| Current liabilities                               |                           |                    |
| Convertible bonds — debt component                | <b>49,985</b>             | –                  |
| Convertible bonds — embedded derivative component | <b>76</b>                 | –                  |
| Non-current liabilities                           |                           |                    |
| Convertible bonds — debt component                | –                         | 41,624             |
| Convertible bonds — embedded derivative component | –                         | 3,539              |
|   | <hr/> <b>50,061</b> <hr/> | <hr/> 45,163 <hr/> |

No conversion or redemption of the Convertible Bonds has occurred up to 31 December 2022.

As at 31 December 2022, the derivative component was measured at fair value with reference to valuation report prepared by an independent professional valuer not connected to the Group and the changes in fair value are recognised in profit or loss for the year ended 31 December 2022. Binomial option pricing model is used for valuation of the derivative component.

## 22. SHARE CAPITAL

|   | Number of<br>shares       | Amount<br>HK\$'000  |
|---|---------------------------|---------------------|
| Ordinary shares of HK\$0.01 each  |                           |                     |
| Authorised share capital:   |                           |                     |
| At 1 January 2021, 31 December 2021, 1 January 2022 and<br>31 December 2022 | <u>10,000,000,000</u>     | <u>100,000</u>      |
| Issued share capital:   |                           |                     |
| At 1 January 2021   | 677,376,770               | 6,774               |
| Issue of shares under subscription agreements ( <i>Note (i)</i> )           | 15,000,000                | 150                 |
| Issue of shares for acquisition of a subsidiary ( <i>Note (ii)</i> )        | <u>69,106,895</u>         | <u>691</u>          |
| At 31 December 2021 and 1 January 2022                                      | <b>761,483,665</b>        | <b>7,615</b>        |
| Issue of shares under subscription agreement ( <i>Note (iii)</i> )          | <u>92,833,316</u>         | <u>928</u>          |
| At 31 December 2022   | <u><b>854,316,981</b></u> | <u><b>8,543</b></u> |

### Notes:

- (i) 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.
- (ii) On 2 June 2021, the Company issued a total of 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 per share. After deducting related expenses, an amount of approximately HK\$136,141,000 in excess of par value was credited to share premium.

- (iii) On 28 November 2022, the Company has allotted and issued an aggregate of 92,833,316 new ordinary shares of HK\$0.01 each at subscription price HK\$1.5015 per share for the settlement of the outstanding sum of the Promissory Note (Note 19). Upon completion of the Shares Allotment, the Promissory Note has been cancelled and the obligations of the parties to the Promissory Note ceased and determined and neither party has had any claim against each others in respect of the Promissory Note since. After deducting related expenses, an amount of approximately HK\$138,461,000 in excess of par value was credited to share premium. Details are set out in Note 19 to the consolidated financial statements.

### **23. EVENT AFTER REPORTING PERIOD**

On 27 March 2023, the Company has conditionally agreed to allot and issue, and four creditors, each of them is a third party independent of the Company, have conditionally agreed to subscribe, a total of 35,963,448 capitalisation shares at the price of HK\$1.60 per share (“Capitalisation Shares”) in settlement of other borrowings, together with the interest accrued, amounting to approximately HK\$57,542,000 (“Debt Capitalisation”). Completion of the Debt Capitalisation is conditional upon the Stock Exchange granting the listing of and permission to deal in the Capitalisation Shares. Details are set out in the Company’s announcement dated 27 March 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS AND FINANCIAL OVERVIEW**

The Group had a consolidated revenue of approximately HK\$827,832,000 (2021: HK\$608,158,000) for the year ended 31 December 2022. This represented an increase of approximately 36.1% compared with that for the previous year mainly due to significant increase in the business activities of the Group's big data services segment which commenced in June 2021.

The Group generated revenue from provision of big data services of approximately HK\$397,021,000 (2021: HK\$172,835,000), provision of third-party payment services of approximately HK\$44,892,000 (2021: HK\$26,729,000) and manufacturing and trading of coatings of approximately HK\$385,919,000 (2021: HK\$408,594,000) for the year ended 31 December 2022.

Loss attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately HK\$85,329,000 (2021: HK\$238,682,000), which was mainly attributable to the decrease in impairment losses on the Group's intangible assets which was partly offset by increases in distribution and selling expenses and research and development expenses.

Loss per share for the year ended 31 December 2022 was approximately HK11.1 cents (2021: HK33.0 cents).

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

### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

## BUSINESS REVIEW

### Big Data Business

LYGR, a subsidiary of the Company, and its subsidiaries (the “**LYGR Group**”) are principally engaged in the development of big data mining, modelling and analytics in general, and the provision of digital risk management and other digital services in retail financial services in particular (“**Big Data Services Segment**”). The LYGR Group offers 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 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 (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 agreed as beneficial owner to sell, and the Company agreed to purchase, 7,172 shares of LYGR at a consideration of approximately HK\$93,294,000 which was 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 control of LYGR Group was completed on 2 June 2021 (the “**Completion Date**”) and it is classified as investment in subsidiaries. During the year ended 31 December 2022, LYGR Group benefited from the strategic layout and compliant expansion in the early stage. Against the backdrop of the overall weak growth in consumer credit, LYGR Group has achieved growth, with significant improvement in product competitiveness and market share. The independent SaaS/PaaS cloud platform established by LYGR Group focuses on the digital transformation needs of personal credit and insurance industries, and improves the digital operation and management capabilities of financial institutions with artificial intelligence empowered algorithm solutions applied to retail finance. As of 31 December 2022, LYGR Group has successfully acquired a large number of customers contributing to its core income, including major banks, leading licensed consumer finance companies and large-scale personal credit digital transformation providers in China, and has become a core supplier of leading institutions in the consumer credit market. The Big Data Services Segment contributed revenue of approximately HK\$397,021,000 (from the Completion Date to 31 December 2021: HK\$172,835,000), which represented an increase of approximately 129.7% and the segment profit increased to approximately HK\$29,448,000 (from the Completion Date to 31 December 2021: HK\$17,664,000) for the year ended 31 December 2022.

### **Third-Party Payment Services Business**

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, operates a digital payment platform, which provides third-party payment services through the following services and products, namely, (1) Internet payment services, (2) prepaid card issue and management services and (3) others (the “**Third-Party Payment Services Segment**”).

The Third-Party Payment Services Segment contributed revenue of approximately HK\$44,892,000 (2021: HK\$26,729,000), which represented an increase of approximately 68.0%, and the segment loss decreased to approximately HK\$21,299,000 (2021: HK\$691,419,000) for the year ended 31 December 2022.

During the year ended 31 December 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 year ended 31 December 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 a license issued by the PBOC authorising the provision of third-party payment services in the PRC (the “**Payment License**”) which expired on 28 August 2021. An application had been made for a renewal of the Payment License. On 29 August 2021, Days Services was informed that the PBOC had decided to suspend the review process pending further clarification and/or verification of certain information in relation to Days Services suitability to continue to be a licensee, and will resume the review process of the renewal afterwards. In the meantime, Days Services has obtained confirmation from the PBOC that Days Services is permitted to conduct its business as usual.

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

## **Coatings Business**

During the year ended 31 December 2022, due to the outbreak of pandemic in early 2022, revenue for the coatings business decreased to approximately HK\$385,919,000 (2021: HK\$408,594,000). This represented a decrease of approximately 5.5% compared with that for the previous year. The segment profit for the coatings business increased to approximately HK\$61,293,000 (2021: HK\$43,992,000) for the year ended 31 December 2022.

During the year ended 31 December 2022, the Group's share of profit of Cashew Manfield Holding Limited, an associate of the Company, amounted to approximately HK\$4,739,000 (2021: HK\$24,515,000). The decrease in profit was primarily due to decrease in sales and increase in manufacturing costs for the year.

## **Overall Performance**

For the year ended 31 December 2022, the consolidated gross profit and gross profit margin of the Group increased to approximately HK\$349,543,000 (2021: HK\$190,489,000) and approximately 42.2% (2021: 31.3%) respectively mainly due to the commencement of the new business segment of big data service 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 decreased to approximately HK\$23,280,000 (2021: HK\$24,275,000) for the year ended 31 December 2022, mainly due to decrease in royalty fee income.

Other gains of the Group increased to approximately HK\$19,573,000 (2021: HK\$5,223,000) for the year ended 31 December 2022, primarily due to increase in net exchange gain, gain on fair value change of financial assets at fair value through profit and loss and gain on fair value change of convertible bonds.

Distribution and selling expenses of the Group increased to approximately HK\$88,726,000 (2021: HK\$58,136,000) for the year ended 31 December 2022, mainly due to increase in advertising expenses and staff costs from Big Data Services Segment, which commenced in June 2021.

Administrative expenses of the Group decreased to approximately HK\$172,821,000 (2021: HK\$216,494,000) for the year ended 31 December 2022. The decrease was mainly attributable to decrease in directors' emoluments and share-based payment expenses.

Research and development expenses of the Group increased to approximately HK\$188,471,000 (2021: HK\$67,579,000) for the year ended 31 December 2022, mainly due to increase in technical services expenses from Big Data Services Segment, which commenced in June 2021.

Finance costs of the Group increased to approximately HK\$51,681,000 (2021: HK\$46,519,000) for the year ended 31 December 2022, mainly due to the increase in effective interest expense on convertible bonds.

Income tax credit of the Group decreased to approximately HK\$5,952,000 (2021: HK\$162,072,000) for the year ended 31 December 2022, which mainly represented a decrease in reversal of deferred tax liabilities in respect of fair value adjustments on goodwill and other 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 a 40% equity interest in 萬輝泰克諾斯(常州)化工有限公司 (Manfield Teknos (Changzhou) Chemical Company Limited\*) (“**Manfield Changzhou**”).

The overall effect of the arbitral award, after set off, is that Teknos Group Oy, the 40% minority shareholder of Manfield Changzhou, was required to pay the Group a sum of RMB133,892.09 within 15 days of the effective date of the arbitral award, but the shareholdings of both parties in Manfield Changzhou remain unchanged. The payment had been received in July 2022.

As at 31 December 2022, a subsidiary of the Group has defaulted a loan principal and interest of approximately RMB17,998,000 (equivalent to approximately HK\$20,148,000) and therefore the lender has sued the Group demand for repayment of the outstanding balances as at 31 December 2022. Up to the date of this announcement, the litigation case is still in progress.

## 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 31 December 2022 are set out as follows:

| Use  | Revised allocation<br>HK\$ million | Utilisation as at<br>31 December<br>2022<br>HK\$ million | Remaining balance<br>after revised<br>allocation<br>HK\$ million | Expected timeline<br>for the<br>intended use |
|--|------------------------------------|--|--|--|
| Funding of phase two of construction of the<br>Springfield Chemical (Guangzhou) Company Limited*<br>(廣州源輝化工有限公司) (“ <b>Springfield</b> ”)<br>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<br>phase two of construction of the Springfield<br>production facilities                                  | 1.4                                | –  | 1.4 <i>(Note)</i>  | End of 2023                                  |
| 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<br>other cost 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 Stated-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 31 December 2022 and up to the date of this announcement, the Company is still requesting the Vendor to complete the registration and approval procedures. 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, CAPITAL STRUCTURE, CHARGE ON ASSETS AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES**

As at 31 December 2022, the Group's non-current assets of approximately HK\$739,502,000 (2021: HK\$815,423,000) consisted of property, plant and equipment of approximately HK\$143,512,000 (2021: HK\$169,033,000), right-of-use assets of approximately HK\$57,818,000 (2021: HK\$80,772,000), intangible assets of approximately HK\$369,558,000 (2021: HK\$376,292,000), interests in associates of approximately HK\$143,957,000 (2021: HK\$168,068,000), deferred tax assets of approximately HK\$21,929,000 (2021: HK\$18,294,000) and deposits paid for non-current assets of approximately HK\$2,728,000 (2021: HK\$2,964,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 31 December 2022, the Group's net current liabilities amounted to approximately HK\$180,571,000 (2021: net current assets of approximately HK\$354,157,000).

As at 31 December 2022, the Group had total indebtedness of approximately HK\$640,250,000 (2021: HK\$752,950,000) which comprised borrowings, promissory notes payable, convertible bonds and lease liabilities of approximately HK\$576,898,000 (2021: HK\$519,033,000), HK\$nil (2021: HK\$149,303,000), HK\$50,061,000 (2021: 45,163,000) and HK\$13,291,000 (2021: HK\$39,451,000), respectively.

As at 31 December 2022, all the borrowings of the Group, except for amounts equivalent to approximately HK\$42,515,000 (2021: HK\$8,559,000) and approximately HK\$11,675,000 (2021: nil) which was denominated in Renminbi and United States dollars respectively, were denominated in Hong Kong dollars. As at 31 December 2022 and 31 December 2021, all borrowings carried fixed interest rates. As at 31 December 2021, the promissory notes payable bear interest from 0.25% to 1.25% per annum and were denominated in Hong Kong dollars. As at 31 December 2022 and 31 December 2021, the convertible bonds bear interest of 6% per annum and were denominated in Hong Kong dollars. Interest rates for all leases are fixed on the contract dates. As at 31 December 2022 and 31 December 2021, other borrowing of HK\$500,000,000 is non-recourse to the Company but is secured by charges over assets of the Company.

As at 31 December 2022, out of the total borrowings, approximately HK\$576,898,000 (2021: HK\$19,033,000) was repayable within one year and HK\$nil (2021: HK\$500,000,000) was repayable after one year. For details, please refer to note 20 to the consolidated financial statements in this announcement. As at 31 December 2022, all outstanding promissory notes payable has been settled.

As at 31 December 2022, the gearing ratio of the Group was approximately 124.4% (2021: 135.5%), calculated by dividing total debts (which represents the sum of borrowings, promissory notes payable, convertible bonds and lease liabilities) by total equity and then multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, divided by total equity) of the Group was approximately 53.1% (2021: 52.8%) as at 31 December 2022. The current ratio, calculated by dividing current assets by current liabilities, as at 31 December 2022 was approximately 0.8 times (2021: 1.6 times).

As at 31 December 2022, save as disclosed in note 20 to the consolidated financial statements in this announcement, the Group did not have any assets under charge/pledge.

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

As at 31 December 2022, the Group had capital commitments contracted for but not provided — acquisition of property, plant and equipment of approximately HK\$1,476,000 (2021: HK\$2,768,000) and other commitments contracted for but not provided — proposed purchase of land of approximately HK\$6,852,000 (2021: HK\$7,183,000).

### **Contingent liabilities**

As at 31 December 2022, certain subsidiaries of the Group provided financial guarantees to an independent third party in favour of a loan with outstanding principal and interest of approximately RMB13,102,000 (equivalent to approximately HK\$14,666,000). The Directors are of the opinion the inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made as at 31 December 2022.

Save from disclosed as above, the Group did not have any material contingent liabilities as at 31 December 2022 and 31 December 2021.

### **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, the Group did not have any other significant investments or other material acquisitions or disposals during the year ended 31 December 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.

## EMPLOYEES AND REMUNERATION POLICIES

The Group had 864 (2021: 826) employees as at 31 December 2022. The Group seeks to ensure that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

### LYGR CGU

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 a consideration of approximately HK\$93,294,000. Upon the completion of such acquisition on 2 June 2021, LYGR became a 54.22% indirectly owned subsidiary of the Company. As a result of purchase price allocation, the Group recognised a goodwill of approximately HK\$114,545,000 and other intangible assets of approximately HK\$259,875,000 from this acquisition during the year ended 31 December 2021. The Directors consider LYGR as a cash-generating-unit (“CGU”) (“LYGR CGU”) and the goodwill and other intangible assets were allocated to the LYGR CGU.

In assessing and evaluating the impairment of LYGR’s goodwill and other intangible assets, the Company engaged an independent external professional qualified valuer (the “Valuer”) to conduct a valuation of the fair value of the LYGR Group as at 31 December 2022. Given that (i) the recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use according to HKAS 36; and (ii) the Company had increasing visibility on the financial projections of the LYGR Group, the Company and the Valuer adopted both an income approach, specifically the discounted cash flow method to derive the value in use of the LYGR Group, and a market approach, specifically the comparable company method, to derive the fair value of LYGR as at 31 December 2022 (the “2022 Impairment Valuation”).

Key assumptions adopted in income approach for the 2022 Impairment Valuation include (1) the average revenue growth rate of the LYGR Group between the Financial Year (“FY”) of 2023 and FY2027 of approximately 24.5%; (2) gross profit margin of the LYGR Group between FY2023 and FY2027, ranging from approximately 68.9% to 83.6%; (3) net profit margin of the LYGR Group between FY2023 and FY2027, ranging from approximately 2.6% to 31.0%; (4) terminal growth rate of 2.0%; and (5) pre-tax discount rate of 20.5%.

Key assumptions adopted in market approach include (1) average Price/Sales ratio of the comparable companies of approximately 4.15, (2) discount for lack of marketability (“DLOM”) of approximately 20.60%, (3) a control premium of approximately 37.00%, and (4) the actual consolidated revenue of LYGR for the year ended 31 December 2022 of approximately HK\$397,021,000.

Based on the 2022 Impairment Valuation, the recoverable amount of the LYGR CGU, which was determined based on fair value less costs of disposal, is higher than the carrying amount. The Company therefore did not record any impairment of LYGR's goodwill and other intangible assets during the year ended 31 December 2022.

In the review of methods and assumptions adopted by the Valuer for the 2022 Impairment Valuation of LYGR's goodwill and other intangible assets, the Company has taken into account the following factors:

### **Market Approach**

The Company noted that the selection criteria (the "**Selection Criteria**") for comparable companies included, amongst others: (1) the comparable companies which are in the industry of big data services and related business worldwide and the relevant information of comparable companies is searchable in a global data base maintained by an independent service provider, namely Bloomberg; (2) the comparable companies which are having similar nature and level of competition; and (3) the comparable companies which are having similar characteristics of driving underlying investment risk and expected rate of return.

Based on the above-mentioned Selection Criteria, a list of comparable companies satisfying the above criteria was selected by the Valuer on a best effort basis and eight comparable companies were identified.

The information of the comparable companies is publicly available, and based on the Selection Criteria, they are comparable to LYGR Group. Accordingly, the Directors are of the view that they are fair and representative samples.

Further, in relation to the key assumptions used for the market approach, the Company discussed with the Valuer and understands that:

- DLOM reflects the fact that there is no ready market for shares in a closely held company. As such, the Valuer has assessed the DLOM by making reference to "Stout Restricted Stock Study: Companion Guide (2021 Edition)". The overall DLOM is approximately 20.60%.
- Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. Adjustment for control is made by the application of a control premium to the value of the target's shares. The paper "Control Premium Study (2021)" by RSM suggested approximately 37.00%, which is considered appropriate and suitable for this valuation based on the Valuer's professional judgement.
- The Valuer also took into account the consolidated revenue of the LYGR Group for the year ended 31 December 2022 for assessing the LYGR Group's fair value.

The Company considers that the selection basis and criteria, as well as the key assumptions adopted were fair and reasonable.

### **Income Approach**

The Company noted that the Valuer primarily took into account the financial budget and forecast prepared by management of the LYGR Group when adopting the income approach for valuation, with reference to (1) the average revenue growth rate of the LYGR Group between FY2023 and FY2027; (2) gross profit margin of the LYGR Group between FY2023 and FY2027; (3) net profit margin of the LYGR Group between FY2023 and FY2027; (4) terminal growth rate; and (5) pre-tax discount rate. When assessing the fairness and reasonableness of this valuation methodology, the Company reviewed the internal control procedures in formulating and reviewing the financial budgets and forecast prepared, which includes the following:

- (a) the product team of the LYGR Group assessed and estimated certain key performance indicators including consumption volume of big data services and an expected revenue based on the fees per unit charged by the LYGR Group to their customers; and
- (b) the finance team of the Company further assessed the accuracy and reasonableness of the financial budgets and forecast initially proposed by the LYGR Group and submitted the same to the Board for final review.

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

### **PROSPECTS AND STRATEGIES**

In 2022, due to the impact of the pandemic, the revenue growth of China's consumer credit industry declined in 2022. The growth rate of the number of banking accounts and the number of cards per capita has been slowing down in the past few quarters, and the development of incremental business has slowed down as a whole.

However, in terms of financial and digital economy regulatory policies, the digital transformation market finally ushered in substantial progress. The CPC Central Committee and the State Council issued the Opinions on Building a Basic Data System to Better Play the Role of Data Elements, aiming to provide top-level design plans and basic system arrangements for the data element market, promote the development of digital economy, and create new momentum to China's economic development. Against this backdrop, financial institutions accelerated their digital and intelligent transformation, bringing opportunities for big data analytics providers/fintech companies in the financial sector.

The Group's big data analytics business in the financial sector has established a first-mover advantage and accumulated a solid foundation. In 2022, the Group developed at a faster pace and achieved satisfactory results and market reputation.

### **Insisting on Research and Development, Stepping up Innovation, and Deepening the Big Data Analytics Business with Remarkable Results**

Benefiting from the strategic layout and compliant expansion in the early stage, LYGR with its onshore operation subsidiary as the Group's flagship in big data analytics ("OPCO") has achieved growth against the backdrop of the overall weak growth in consumer credit, with significant improvement in product competitiveness and market share.

The independent SaaS/PaaS cloud platform established by the OPCO focuses on the digital transformation needs of personal credit and insurance industries, and improves the digital operation and management capabilities of financial institutions with artificial intelligence-empowered algorithm solutions applied to retail finance. As of the end of 2022, the OPCO has successfully acquired a large number of customers contributing to its core income, including major banks, leading licensed consumer finance companies and large-scale personal credit digital transformation providers in China, and has become a core supplier of leading institutions in the consumer credit market, achieving a total revenue of HK\$397 million for the year.

Looking forward, we will continue to adhere to allocating our investment in research and development, stepping up innovation and development, and deepening the big data analytics business segment to further strengthen the Group's competitive barriers and market position in the financial technology sector. On the one hand, the artificial intelligence-empowered algorithm solutions established by the OPCO require constant updates and improvement to cater for the needs of business and customers, so as to improve the core competitiveness of our products. On the other hand, the Company also continued to expand the application of artificial intelligence-empowered algorithm solutions in the field of diversified financial business, and extended the core competitiveness of our products to more extensive business scenarios to further establish a foothold in the market of digital transformation for financial institutions. We are always committed to being an innovator of intelligent data application, a provider of artificial intelligence technology, and an enabler of FinTech, so that the use of data elements and artificial intelligence technology has become a strong driving force for national economic development and social progress.

2023 will definitely be a year full of opportunities and challenges, thanks to the benefits brought by the relevant policies and the economic recovery. The opening up of the data element market will engage more institutions to participate, and the intensity of market competition will increase significantly. In addition, while embracing digital transformation, financial institutions will also firmly manage compliance risks and regulate the operation and management of digital business with a stricter data security and privacy protection mechanism. The Group has accumulated stable income from core customers by virtue of its advantages in compliance, technical capabilities and profound industry insights, and believes that it can stand out in the fierce market competition in 2023.

At the same time, in order to drive and enhance the long-term value for our shareholders against the backdrop of the aforementioned development of big data analytics, we will continue to conduct regular reviews on the business operations and financial position of the Group under the ever-changing economic ecosystem and market conditions. Subject to such reviews, the Group may explore and consider rationalization and optimization of the Group's resource allocations, including any asset disposals, synergetic asset acquisitions, spin-offs, fund raisings etc. in order to position, materialize and accelerate the long-term growth potential of the Group. Should any of these opportunities materialize, further announcement(s) will be made in accordance with the Listing Rules.

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

On 28 November 2022, 92,833,316 new ordinary shares were allotted and issued by the Company to the Subscriber, being a third party independent of the Group, at the subscription price of HK\$1.5015 per share. The consideration for the Shares Allotment is a full and irrevocable settlement of the outstanding sum of the Promissory Note amounted to approximately HK\$139,389,000 owed by a wholly-owned subsidiary of the Company to the subscriber. Details of the Shares Allotment were disclosed in the Company's announcements dated 22 November 2022 and 28 November 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2022.

## **CORPORATE GOVERNANCE PRACTICES**

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

Throughout the year ended 31 December 2022, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as listed out in Appendix 14 of the Listing Rules. The current practices will be reviewed and continuously updated.

To the best knowledge of the Board, throughout the year ended 31 December 2022, the Company complied with all the code provisions set out in the CG Code, save for the code provision C.2.1 of the CG Code as described below.

### **CG Code C.2.1**

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. Mr. Gu Zhongli is the chairman of the Board. Before the appointment of Dr. Wang Bangyi as the chief executive officer of the Company on 22 December 2022, Mr. Gu Zhongli 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.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "**Model Code**"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to comply with the Model Code. Enquiries have been made to the Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

## **AUDIT COMMITTEE REVIEW**

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2022.

## **EXTRACT OF INDEPENDENT AUDITOR'S OPINION**

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2022.

### **Our Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

We draw your attention to note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$102,733,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$180,571,000. As stated in note 3.1 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to generate sufficient cash flows from future operations and the successful roll-over or refinancing of existing borrowings to extend their repayment dates. These conditions, along with other matters as described in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **SCOPE OF WORK OF MESSRS. BAKER TILLY HONG KONG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Messrs. Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Baker Tilly Hong Kong Limited on this announcement.

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

Hong Kong, 31 March 2023

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Mr. Gu Zhongli  
Dr. Wang Bangyi  
Mr. Jin Peiyi

*Non-executive Director:*

Dr. Dong Lihuan

*Independent non-executive Directors:*

Mr. Li Gong  
Dr. Shi Ping  
Ms. Xu Yanqiong

\* *English translated name is for identification purpose only*