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Pan Asia Data Holdings Inc.

聯洋智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

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

The board of directors (the “Directors”) (the “Board”) of Pan Asia Data Holdings Inc. (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	<i>Notes</i>	2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(restated)
Continuing operations			
Revenue	3	90,202	278,834
Cost of sales		(33,185)	(75,913)
		<hr/>	<hr/>
Gross profit		57,017	202,921
Other income		1,200	1,905
Other gains and losses, net		(322)	775
Impairment losses recognised in respect of intangible assets	9	(238,301)	–
Impairment losses under expected credit loss model, net of reversal		(66,348)	(2,911)
Distribution and selling expenses		(29,392)	(31,625)
Administrative expenses		(59,717)	(78,107)
Research and development expenses		(19,511)	(91,865)
Finance costs	4	(10,904)	(5,710)
Share of results of associates		–	(10)
		<hr/>	<hr/>
Loss before taxation	5	(366,278)	(4,627)
Income tax credit	6	6,308	12,145
		<hr/>	<hr/>
(Loss)/profit for the period from continuing operations		(359,970)	7,518
Discontinued operation			
Loss for the period from discontinued operation		–	(20,030)
		<hr/>	<hr/>
Loss for the period		(359,970)	(12,512)
		<hr/>	<hr/>
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		2,506	(4,935)
— Share of other comprehensive expense of associates		–	(1,275)
		<hr/>	<hr/>
Other comprehensive income/(expense) for the period, net of tax		2,506	(6,210)
		<hr/>	<hr/>
Total comprehensive expense for the period		(357,464)	(18,722)
		<hr/> <hr/>	<hr/> <hr/>

		Six months ended 30 June	
		2024	2023
<i>Note</i>		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(restated)
(Loss)/profit for the period attributable to:			
	— Owners of the Company	(226,005)	(17,072)
	— Non-controlling interests	(133,965)	4,560
		<u>(359,970)</u>	<u>(12,512)</u>
(Loss)/profit for the period attributable to owners of the Company arises from:			
	— Continuing operations	(226,005)	1,883
	— Discontinued operation	—	(18,955)
		<u>(226,005)</u>	<u>(17,072)</u>
Total comprehensive (expense)/income for the period attributable to:			
	— Owners of the Company	(224,202)	(19,736)
	— Non-controlling interests	(133,262)	1,014
		<u>(357,464)</u>	<u>(18,722)</u>
Total comprehensive (expense)/income for the period attributable to owners of the Company arises from:			
	— Continuing operations	(224,202)	751
	— Discontinued operation	—	(20,487)
		<u>(224,202)</u>	<u>(19,736)</u>
(Loss)/earnings per share			
From continuing and discontinued operations			
	Basic and diluted (in HK cents)	7 <u>(21.21)</u>	<u>(1.96)</u>
From continuing operations			
	Basic and diluted (in HK cents)	7 <u>(21.21)</u>	<u>0.22</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		8,409	16,527
Right-of-use assets		9,410	13,814
Intangible assets	9	128,319	367,599
Interests in an associate		–	–
Financial assets at fair value through profit or loss		87,652	88,281
Deferred tax assets		9,054	9,148
		<hr/> 242,844 <hr/>	<hr/> 495,369 <hr/>
Current assets			
Inventories		197	146
Trade and other receivables	10	419,830	370,977
Financial assets at fair value through profit or loss		5,478	22,070
Retained interest in the deconsolidated subsidiaries		508,618	508,618
Restricted bank deposits		96,024	109,356
Bank balances and cash		31,646	122,176
		<hr/> 1,061,793 <hr/>	<hr/> 1,133,343 <hr/>
Current liabilities			
Trade and other payables	11	506,305	464,692
Lease liabilities		1,990	4,662
Penalty payable		97,218	97,434
Borrowings		5,421	5,277
Convertible bonds — debt component		57,966	55,501
Financial guarantee contract liabilities		526,961	526,961
		<hr/> 1,195,861 <hr/>	<hr/> 1,154,527 <hr/>
Net current liabilities		<hr/> (134,068) <hr/>	<hr/> (21,184) <hr/>
Total assets less current liabilities		<hr/> 108,776 <hr/>	<hr/> 474,185 <hr/>

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current liabilities		
Deferred tax liabilities	7,846	14,031
Borrowings	–	210
Lease liabilities	<u>1,652</u>	<u>3,202</u>
	<u>9,498</u>	<u>17,443</u>
Net assets	<u><u>99,278</u></u>	<u><u>456,742</u></u>
Capital and reserves		
Share capital	10,654	10,654
Reserves	<u>(5,133)</u>	<u>219,069</u>
Equity attributable to owners of the Company	<u>5,521</u>	229,723
Non-controlling interests	<u>93,757</u>	<u>227,019</u>
Total equity	<u><u>99,278</u></u>	<u><u>456,742</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

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

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

During the current interim period, the Group has incurred a loss of approximately HK\$359,970,000. Furthermore, as at 30 June 2024, the Group had net current liabilities of approximately HK\$134,068,000. In assessing the appropriateness of the adoption of the going concern basis in the preparation of the Group's condensed consolidated financial statements, the Directors prepared a cash flow forecast, covering a period of fourteen months from the end of the reporting period (the "Cash Flow Forecast") with careful consideration to the future liquidity and financial performance of the Group and its available sources of financing. In preparing the Cash Flow Forecast, the Directors have taken into account the following measures which the Group makes every effort to implement:

- (i) to obtain additional funds by equity financing and long-term debt financing to settle the convertible bonds plus default interests and the penalty payable and to finance the Group's working capital;
- (ii) to actively negotiate with the People's Bank of China ("the PBOC") for the extension of repayments of penalty payable;
- (iii) to obtain proceeds from selling the retained interest in the deconsolidated subsidiaries for the Group to settle the financial guarantee contract liabilities;
- (iv) to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations; and
- (v) to dispose of certain non-core business and assets to raise additional working capital.

Based on the Cash Flow Forecast, assuming the above measures can be successfully implemented as planned, the Directors 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 going concern. Accordingly, the Directors consider that it is appropriate to prepare the condensed 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 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 condensed consolidated financial statements.

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 REVENUE AND SEGMENTAL INFORMATION

The Group 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 (“Big Data Services”)	—	Provision of big data services (continuing operation)
Third-party payment services	—	Provision of third-party payment services (continuing operation)
Coatings	—	Manufacturing and trading of coatings (discontinued operation)

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

Segment revenues and results from continuing operations

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

Six months ended 30 June 2024 (unaudited)

	Big data services HK\$’000	Third-party payment services HK\$’000	Total HK\$’000
Segment revenue			
— External revenue (Point in time)	<u>89,721</u>	<u>481</u>	<u>90,202</u>
Segment loss	<u>(238,464)</u>	<u>(95,234)</u>	<u>(333,698)</u>
Interest income			244
Unallocated corporate other income			231
Unallocated corporate other gains and losses, net			(3)
Unallocated corporate expenses			(22,148)
Unallocated finance costs			<u>(10,904)</u>
Loss before taxation from continuing operations			(366,278)
Income tax credit			<u>6,308</u>
Loss for the period from continuing operations			<u>(359,970)</u>

Six months ended 30 June 2023 (unaudited) (restated)

	Big data services <i>HK\$'000</i>	Third-party payment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
— External revenue (Point in time)	<u>278,611</u>	<u>223</u>	<u>278,834</u>
Segment profit/(loss)	<u>27,417</u>	<u>(8,781)</u>	18,636
Interest income			615
Unallocated corporate other gains and losses, net			130
Unallocated corporate expenses			(18,288)
Unallocated finance costs			(5,710)
Share of results of associates			<u>(10)</u>
Loss before taxation from continuing operations			(4,627)
Income tax credit			<u>12,145</u>
Profit for the period from continuing operations			<u>7,518</u>

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

Geographical information

No separate analysis of segment information by geographical region is presented as the Group's revenue are principally attributable to a single geographical region, which is the PRC.

4 FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
From continuing operations:		
Interest on bank borrowings and other borrowings	8,359	2,637
Interest on lease liabilities	80	158
Effective interest expense on convertible bonds	2,465	2,915
	10,904	5,710

5 LOSS BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
Loss before taxation from continuing operations has been arrived at after charging/(crediting):		
Amortisation of intangible assets	979	979
Depreciation of property, plant and equipment	8,022	6,221
Depreciation of right-of-use assets	2,323	3,708
Gain on fair value change of convertible bonds (included in other gains or losses, net)	–	(76)
Net gain on disposal of property, plant and equipment (included in other gains and losses, net)	–	(184)
Loss/(gain) on fair value change of financial assets at FVTPL (included in other gains and losses, net)	87	(352)
Impairment losses recognised in respect of:		
— Trade receivables	61,208	2,259
— Other receivables	5,140	652
Interest income (included in other income)	(244)	(615)
Net exchange loss/(gain) (included in other gains and losses, net)	1	(69)

6 INCOME TAX CREDIT

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
From continuing operations:		
Deferred tax credit	<u>(6,308)</u>	<u>(12,145)</u>

7 (LOSS)/EARNINGS PER SHARE

From continuing operations

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
Loss for the period attributable to owners of the Company	(226,005)	(17,072)
Less: loss for the period from discontinued operation attributable to owners of the Company	<u>–</u>	<u>(18,955)</u>
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share from continuing operations	<u>(226,005)</u>	<u>1,883</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>1,065,454</u>	<u>869,048</u>

The computation of diluted loss per share for the six months ended 30 June 2024 does not assume the conversion of the Company's outstanding convertible bonds and share options since their assumed exercise would result in a decrease in loss per share.

The computation of diluted earnings per share for the six months ended 30 June 2023 does not assume the exercise of the Company's outstanding convertible bonds and share options since the exercise prices of those convertible bonds and share options were higher than the average market price for shares.

For discontinued operation

For the six months ended 30 June 2023, the basic and diluted loss per share for the discontinued operation was HK2.18 cents per share, based on the loss for the period from the discontinued operation of approximately HK\$18,955,000 and the denominators detailed above for both basic and diluted loss per share.

8 DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9 INTANGIBLE ASSETS

Impairment assessment

During the six months ended 30 June 2024, there was a huge decline of revenue generated from the Big Data Services segment during the current interim period. As a result, the management of the Group concluded there is indication of impairment for non-current assets in the Big Data Services cash-generating unit (“**Big Data CGU**”), as those non-current assets are expected to generate less future cash flow in the foreseeable future. For the purposes of impairment assessment, goodwill and supplier relationship with an indefinite useful life of approximately HK\$114,545,000 and HK\$238,529,000 respectively have been allocated to the Big Data CGU.

The recoverable amount of Big Data CGU is amounted to HK\$219,412,000 as at 30 June 2024, which is determined based on a value in use (“VIU”) calculation performed by an independent qualified professional valuer not connected with the Group. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering a 5-year period with a pre-tax discount rate of 19.23% as at 30 June 2024. Cash flows beyond the 5-year period are extrapolated using 2% average growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the VIU calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the unit’s past performance and management’s expectations for the market development.

The Directors have consequently determined impairment of goodwill and supplier relationship directly related to Big Data CGU amounting to approximately HK\$114,545,000 and HK\$123,756,000 respectively based on the VIU calculation. The impairment loss has been included in statement of profit or loss and other comprehensive income during the current interim period.

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade receivables	216,029	227,394
Less: allowance for credit losses	(89,868)	(30,462)
	126,161	196,932
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	122,792	133,770
— Other receivables and prepayments	170,877	40,275
Total trade and other receivables	419,830	370,977

The normal credit period for customers is 30 to 90 days. The following is an aging analysis of trade receivables net of impairment losses presented based on the invoice date at the end of the reporting period.

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
0–30 days	26,276	11,743
31–60 days	21,268	54,014
61–90 days	–	50,478
91–180 days	25,213	19,952
Over 180 days	53,404	60,745
	126,161	196,932

11 TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade payables	168,513	193,150
Accrued staff cost	24,571	28,887
Payables to merchants	45,029	51,828
Unutilised float funds (<i>Note</i>)	46,159	94,455
Other payables and accruals	222,033	96,372
	506,305	464,692

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

The credit period on purchases of goods and services provided from suppliers is 30 to 60 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
0–30 days	103	37,877
31–60 days	108	8,580
61–90 days	22	9,232
Over 90 days	168,280	137,461
	168,513	193,150

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND FINANCIAL OVERVIEW

The Group had a consolidated revenue from continuing operations of approximately HK\$90,202,000 (2023: HK\$278,834,000) for the six months ended 30 June 2024. This represented a decrease of approximately 67.7% compared with the corresponding period for the previous year mainly due to significant decrease in the business activities of the Group's big data services segment.

The Group generated revenue from provision of big data services of approximately HK\$89,721,000 (2023: HK\$278,611,000) and provision of third-party payment services of approximately HK\$481,000 (2023: HK\$223,000) for the six months ended 30 June 2024.

Loss from continuing operations for the six months ended 30 June 2024 amounted to approximately HK\$359,970,000 (2023: Profit from continuing operations amounted to approximately HK\$7,518,000), which was mainly attributable to (i) the decrease in gross profit due to significant decrease in the business activities of the Group's big data services segment, (ii) substantial impairment losses on the Group's intangible assets and (iii) increase in impairment losses under expected credit loss model, net of reversal.

Loss per share from continuing operations for the six months ended 30 June 2024 was approximately HK21.21 cents (2023: Earnings per share from continuing operations was approximately HK0.22 cents).

The Group's net asset value attributable to owners of the Company per share as at 30 June 2024 was approximately HK\$0.01 (31 December 2023: HK\$0.22).

INTERIM DIVIDEND

The Board has resolved not to pay, and does not recommend the payment of, an interim dividend for the six months ended 30 June 2024 (2023: Nil).

BUSINESS REVIEW

Big Data Services Business

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

In the first half of 2024, we witnessed the ongoing turbulence and complexity of the global economic and market environment. Amid the wave of domestic structural adjustments, the market and our company’s development faced unprecedented new challenges. Although the domestic economy showed a steady recovery and demand for consumer credit gradually picked up, fluctuations in the growth rate of the number of bank accounts and credit cards per capita, coupled with intensified industry competition and enhanced regulation, exerted significant pressure on our business environment.

In February 2024, the National Financial Supervision and Administration Authority* (國家金融監督管理總局) issued the “Personal Loan Management Measures”* (《個人貸款管理辦法》), “Fixed Asset Loan Management Measures”* (《固定資產貸款管理辦法》) and “Working Capital Loan Management Measures”* (《流動資金貸款管理辦法》). These new regulations officially came into effect on July 1st, setting a new benchmark for the industry’s compliant development. Faced with rising compliance costs, compressed loan interest rates, and a decline in profitability, the overall growth rate of the consumer credit industry has slowed down.

Against this backdrop, our group took a series of cost-reducing and efficiency-enhancing measures in the first half of 2024, focusing on the development of core capabilities and conducting business around the needs of core, high-quality customers.

The Big Data Services Segment contributed revenue of approximately HK\$89,721,000 (2023: HK\$278,611,000), which represented a decrease of approximately 67.8%, and segment loss of approximately HK\$238,464,000 (2023: segment profit of approximately HK\$27,417,000) to the Group for the six months ended 30 June 2024.

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 (“Third-Party Payment Services Segment”).

The Third-Party Payment Services Segment contributed revenue of approximately HK\$481,000 (2023: HK\$223,000), which represented an increase of approximately 115.7%, and segment loss of approximately HK\$95,234,000 (2023: HK\$8,781,000) to the Group for the six months ended 30 June 2024.

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

In December 2023, Days Services received an Administrative Penalty Decision (Shang Hai Yin Fa Zi[2023] No.30)* (《行政處罰決定書》(上海銀罰字[2023]30號)) dated 19 December 2023 issued by the PBOC Shanghai Branch whereby the PBOC had completed the special enforcement investigation against Days Services pursuant to the relevant laws and it was found that Days Services had committed certain violations against the rules of Measures for the Administration of the Bank Card Acquiring Business* (銀行卡收單業務管理辦法), Administrative Measures for the Online Payment Business of Non-bank Payment Institutions* (非銀行支付機構網絡支付業務管理辦法) and Notice by the People's Bank of China of Matters concerning Further Strengthening Administration of Payment and Settlement to Prevent New Types of Telecommunications and Online Illegal and Criminal Activities* (中國人民銀行關於進一步加強支付結算管理防範電信網絡新型違法犯罪有關事項的通知). The PBOC had decided to impose a penalty of approximately RMB88,731,000 (equivalent to approximately HK\$97,218,000) (the “Penalty”) which is due within 15 business days.

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

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

Overall Performance

For the six months ended 30 June 2024, the gross profit from continuing operations and gross profit margin from continuing operations of the Group decreased to approximately HK\$57,017,000 (2023: HK\$202,921,000) and approximately 63.2% (2023: 72.8%) respectively mainly due to significant decrease in the business activities of the Group's Big Data Services Segment.

Other income from continuing operations of the Group decreased to approximately HK\$1,200,000 (2023: HK\$1,905,000) for the six months ended 30 June 2024, mainly due to decrease in government grants.

Other losses from continuing operations of the Group amounted to approximately HK\$322,000 (2023: other gains of approximately HK\$775,000) for the six months ended 30 June 2024.

Impairment losses recognised on intangible assets from continuing operations of the Group amounted to approximately HK\$238,301,000 (2023: nil) for the six months ended 30 June 2024. For details, please refer to Note 9 to the consolidated financial statements in this announcement.

Impairment losses under expected credit loss model, net of reversal, from continuing operations of the Group increased to approximately HK\$66,348,000 (2023: HK\$2,911,000) for the six months ended 30 June 2024, mainly due to impairment of long outstanding trade and other receivables from Third-Party Payment Services Segment.

Distribution and selling expenses from continuing operations of the Group decreased to approximately HK\$29,392,000 (2023: HK\$31,625,000) for the six months ended 30 June 2024, mainly due to a decrease in staff costs related to marketing staffs from Big Data Services Segment.

Administrative expenses from continuing operations of the Group decreased to approximately HK\$59,717,000 (2023: HK\$78,107,000) for the six months ended 30 June 2024, mainly attributable to a decrease in expenses from Big Data Services Segment.

Research and development expenses from continuing operations of the Group decreased to approximately HK\$19,511,000 (2023: HK\$91,865,000) for the six months ended 30 June 2024, mainly due to a decrease in expenses from Big Data Services Segment.

Finance costs from continuing operations of the Group increased to approximately HK\$10,904,000 (2023: HK\$5,710,000) for the six months ended 30 June 2024, mainly due to the increase in average balance of borrowings.

Income tax credit from continuing operations of the Group decreased to approximately HK\$6,308,000 (2023: HK\$12,145,000) for the six months ended 30 June 2024, mainly due to a reversal of deferred tax liabilities in respect of fair value adjustments on intangible assets.

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

As at 30 June 2024, the Group's non-current assets of approximately HK\$242,844,000 (31 December 2023: HK\$495,369,000) consisted of property, plant and equipment of approximately HK\$8,409,000 (31 December 2023: HK\$16,527,000), right-of-use assets of approximately HK\$9,410,000 (31 December 2023: HK\$13,814,000), intangible assets of approximately HK\$128,319,000 (31 December 2023: HK\$367,599,000), interests in an associate of approximately HK\$nil (31 December 2023: HK\$nil), financial assets at fair value through profit and loss of approximately HK\$87,652,000 (31 December 2023: HK\$88,281,000) and deferred tax assets of approximately HK\$9,054,000 (31 December 2023: HK\$9,148,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 30 June 2024, the Group's net current liabilities amounted to approximately HK\$134,068,000 (31 December 2023: HK\$21,184,000).

As at 30 June 2024, the Group had total indebtedness of approximately HK\$593,990,000 (31 December 2023: HK\$595,813,000) which comprised borrowings, financial guarantee contract liabilities, convertible bonds and lease liabilities of approximately HK\$5,421,000 (31 December 2023: HK\$5,487,000), HK\$526,961,000 (31 December 2023: HK\$526,961,000), HK\$57,966,000 (31 December 2023: HK\$55,501,000) and HK\$3,642,000 (31 December 2023: HK\$7,864,000), respectively.

As at 30 June 2024, all the borrowings of the Group, except for amounts equivalent to approximately HK\$142,000 (31 December 2023: HK\$210,000) which was denominated in Renminbi, were denominated in Hong Kong dollars. As at 30 June 2024 and 31 December 2023, all borrowings carried fixed interest rates. As at 30 June 2024 and 31 December 2023, the convertible bonds bear interest of 6% per annum and were denominated in Hong Kong dollars. As at 30 June 2024, subsequent to the default of the convertible bonds, an additional interest has been accrued at the rate of 10% (31 December 2023: 10%) per annum from the date of occurrence of default until all sums due in respect of such convertible bonds are fully settled. Up to the date of this announcement, the negotiation with the bondholders in respect of the repayment plan is still in progress. Interest rates for all leases are fixed on the contract dates.

As at 30 June 2024, out of the total borrowings, approximately HK\$5,421,000 (31 December 2023: HK\$5,277,000) was repayable within one year and HK\$nil (31 December 2023: HK\$210,000) was repayable after one year.

As at 30 June 2024, the gearing ratio of the Group was approximately 598.3% (31 December 2023: 130.4%), calculated by dividing total debts (which represents the sum of borrowings, financial guarantee contract liabilities, convertible bonds and lease liabilities) by total equity and then multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, divided by total equity) of the Group was approximately 469.7% (31 December 2023: 79.8%) as at 31 December 2023. The current ratio, calculated by dividing current assets by current liabilities, as at 30 June 2024 was approximately 0.9 times (31 December 2023: 1.0 times).

As at 30 June 2024 and 31 December 2023, the Group did not have any assets under charge/pledge.

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

As at 30 June 2024 and 31 December 2023, the Group did not have any material capital commitments and contingent liabilities.

TREASURY POLICY

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

EMPLOYEES

The Group had 119 (31 December 2023: 171) employees as at 30 June 2024 with total staff cost from continuing operations of approximately HK\$40,746,000 (30 June 2023: HK\$57,423,000) for the six months ended 30 June 2024. The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investments or, other material acquisitions or disposals during the six months ended 30 June 2024, and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

PROSPECTS AND STRATEGIES

In the first half of 2024, we witnessed the ongoing turbulence and complexity of the global economic and market environment. Amid the wave of domestic structural adjustments, the market and our company's development faced unprecedented new challenges. Although the domestic economy showed a steady recovery and demand for consumer credit gradually picked up, fluctuations in the growth rate of the number of bank accounts and credit cards per capita, coupled with intensified industry competition and enhanced regulation, exerted significant pressure on our business environment.

In February 2024, the National Financial Supervision and Administration Authority* (國家金融監督管理總局) issued the "Personal Loan Management Measures"* (《個人貸款管理辦法》), "Fixed Asset Loan Management Measures"* (《固定資產貸款管理辦法》) and "Working Capital Loan Management Measures"* (《流動資金貸款管理辦法》). These new regulations officially came into effect on July 1st, setting a new benchmark for the industry's compliant development. Faced with rising compliance costs, compressed loan interest rates, and a decline in profitability, the overall growth rate of the consumer credit industry has slowed down.

Against this backdrop, our group took a series of cost-reducing and efficiency-enhancing measures in the first half of 2024, focusing on the development of core capabilities and conducting business around the needs of core, high-quality customers, ultimately achieving a business income of over HK\$89 million.

Under increased regulation and competitive pressure, the company focuses on the development and maintenance of core products

LYGR and its domestic operating subsidiaries focus on big data analysis in the consumer credit industry. Through our independent SaaS/PaaS cloud platform, we continue to focus on the digital transformation needs of the personal credit and insurance industries. By empowering financial institutions with artificial intelligence algorithms, we enhance their digital operations and management capabilities, serving leading consumer credit institutions in China.

Amid economic fluctuations and market changes, our group actively optimizes internal management and improves operational efficiency to ensure rapid response to market changes and demands. Through effective organizational restructuring and cost control measures, we have maintained service quality and employee satisfaction while controlling business costs and improving efficiency. This has not only improved our internal management efficiency but also enhanced the company's flexibility in responding to market changes.

Moreover, our group seizes the opportunity of digital transformation, especially in the field of artificial intelligence and the application of large models, continuously researching and innovating, and iterating the intelligent big data analysis model of the SaaS/PaaS cloud platform to provide customers with more accurate and efficient services. This strategy has significantly enhanced our market competitiveness and laid a key technical and talent foundation for subsequent business development.

Looking forward to the second half of the year, we will continue to adhere to R&D investment, deepen innovative development, and continuously cultivate the big data analysis business sector. We still need to introduce more compliant data resources in the future development, which will help the continuous iteration of the intelligent big data analysis model of the SaaS/PaaS cloud platform and the development of financial large model vertical field applications, providing new momentum for the company's business to continue to innovate and develop. We will continue to adhere to the strategy of innovation-driven development, deepen product development and market expansion, improve business service efficiency, and provide core customers with safer, more convenient, and personalized financial services to meet customer needs and enhance product competitiveness. We firmly believe that through continuous technological innovation and market adaptation, we can contribute more to the progress of society and the economy and ensure that the company moves steadily forward on the road to future development.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

CHANGE IN INFORMATION OF DIRECTORS

The changes in the information of the Directors since 1 January 2024, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
Non-executive Director	
Mr. Sze Siu Ming	Appointed as a non-executive Director on 27 June 2024
Independent Non-executive Directors	
Mr. Li Gong	Resigned as an independent non-executive Director on 27 June 2024
Ms. Yung Hoi Yan, JP	Appointed as an independent non-executive Director on 27 June 2024

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with corporate governance code

The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code as listed out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2024.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding directors’ securities transactions. Having made specific enquiries with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2024.

Audit Committee Review

The Audit Committee of the Company, comprising all the Independent Non-executive Directors of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the Directors, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

Publication of Interim Report on the Website of the Stock Exchange

The 2024 interim report will be despatched to the Shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.irasia.com/listco/hk/pad/in due course.

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

Hong Kong, 30 August 2024

At the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Dr. Wang Bangyi and Mr. Jin Peiyi as executive Directors; Dr. Dong Lihuan and Mr. Sze Siu Ming as non-executive Directors, and Dr. Shi Ping, Ms. Xu Yanqiong and Ms. Yung Hoi Yan, JP as independent non-executive Directors.

* *English translation of name is for identification purpose only*