



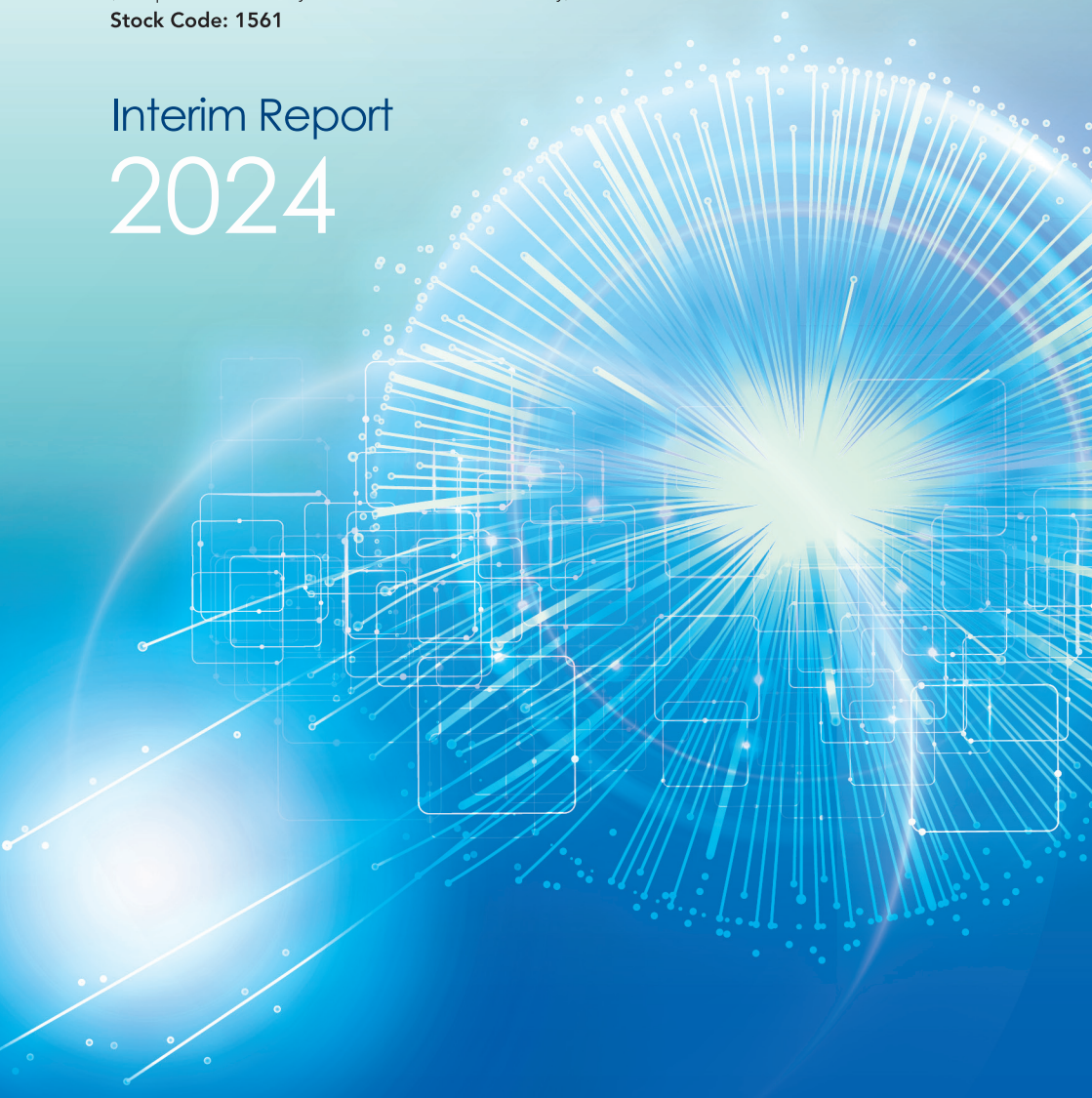
联洋智能  
PAD

Pan Asia Data Holdings Inc.  
聯洋智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1561

Interim Report  
2024



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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Gu Zhongli (*Chairman*)

Dr. Wang Bangyi

Mr. Jin Peiyi

#### **Non-Executive Directors**

Dr. Dong Liuhuan

Mr. Sze Siu Ming

#### **Independent Non-Executive Directors**

Dr. Shi Ping

Ms. Xu Yanqiong

Ms. Yung Hoi Yan, JP

### **AUDIT COMMITTEE**

Dr. Shi Ping (*Chairman*)

Ms. Xu Yanqiong

Ms. Yung Hoi Yan, JP

### **NOMINATION COMMITTEE**

Ms. Yung Hoi Yan, JP (*Chairman*)

Mr. Gu Zhongli

Ms. Xu Yanqiong

### **REMUNERATION COMMITTEE**

Ms. Xu Yanqiong (*Chairman*)

Mr. Gu Zhongli

Ms. Yung Hoi Yan, JP

### **COMPANY SECRETARY**

Mr. Wong Ying Kit

### **AUDITOR**

Baker Tilly Hong Kong Limited

### **LEGAL ADVISERS**

#### **As to Hong Kong law**

King & Wood Mallesons

#### **As to PRC law**

Beijing Tian Yuan Law Firm

#### **As to Cayman Islands law**

Harneys Westwood & Riegels

### **PRINCIPAL BANKERS**

Standard Chartered Bank (Hong Kong)  
Limited

The Hongkong and Shanghai Banking  
Corporation Limited

### **REGISTERED OFFICE**

4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman  
KY1-1002  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room B 29/F,  
The Sun's Group Centre,  
189–200 Gloucester Road,  
Wan Chai,  
Hong Kong  
Telephone: (852) 2787 0008  
Facsimile: (852) 2787 0010

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS**

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman  
KY1-1002  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **STOCK CODE**

1561

## **WEBSITE**

<http://www.irasia.com/listco/hk/pad/>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS AND FINANCIAL OVERVIEW**

Pan Asia Data Holdings Inc. (the “Company”) and its subsidiaries (collectively referred to as 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 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 of directors (the “Directors”) (the “Board”) of the Company 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.

\* English translation of name is for identification purpose only

## **BUSINESS REVIEW** *(Continued)*

### **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 People's Bank of China (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.

\* English translation of name is for identification purpose only

## **BUSINESS REVIEW** *(Continued)*

### **Third-Party Payment Services Business** *(Continued)*

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 report, 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 10 to the condensed consolidated financial statements in this interim report.

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.

## **BUSINESS REVIEW** *(Continued)*

### **Overall Performance** *(Continued)*

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), interest 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. Interest rates for all leases are fixed on the contract dates.

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

*(Continued)*

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. For details, please refer to note 13 to the consolidated financial statements in this interim report.

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 30 June 2024. 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 of approximately HK\$40,746,000 (30 June 2023: HK\$57,912,000) 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 interim report, 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 interim report.

## 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.

\* English translation of name is for identification purpose only

## **PROSPECTS AND STRATEGIES** *(Continued)*

### **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.

## DISCLOSURE OF OTHER INFORMATION

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2024, the interests of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the “SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

#### Interests in the shares of the Company

Name of Director	Type of interest	Number of ordinary shares held/ interested Personal interests	Percentage of interest
Mr. Sze Siu Ming	Long position	23,077,777	2.17%

Name of Director	Type of interest	Date of share options granted	Number of share options outstanding	Percentage of interest upon full exercise of share options <sup>(i)</sup>
Dr. Shi Ping	Long position	27 July 2021	740,000	0.07%

Notes:

- (i) The percentage represents the number of underlying shares in which the Director is interested divided by the enlarged issued share capital of the Company as at 30 June 2024, assuming all the outstanding share options are exercised.
- (ii) Details of the above share options as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) have been disclosed in the paragraph headed “Share Option Scheme” in this interim report.

Save as disclosed above, as at 30 June 2024, none of the Directors, or the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE AWARD SCHEME

The Company adopted a share award scheme on 9 January 2020 (the “Share Award Scheme”) with the major terms and details set out below:

1. **Objective:** The objectives of the Share Award Scheme are (i) to recognise the contributions by certain selected grantees (including (i) any employee or director (including without limitation any non-executive director) of any member of the Group; (ii) any consultant, agent, representative or adviser of the Company or any affiliate; (iii) any person who provides goods or services to the Company or any affiliate; (iv) any customer or contractor of the Company or any affiliate; (v) any business ally or joint venture partners of the Company or any affiliate; and (vi) any trustee of any trust established for the benefit of employees.) and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (vii) to attract suitable personnel for further development of the Group.
2. **Duration:** Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date (9 January 2020).
3. **Scheme limit:** The Board shall not make any award of awarded shares which will result in the number of the share(s) in the Company (the “Shares”) awarded by the Board under the Share Award Scheme exceeding ten per cent. of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a selected grantee under the Share Award Scheme shall not exceed one per cent. of the issued share capital of the Company from time to time.
4. **Operation:** The Board may from time to time cause to be paid a contributed amount to the trust constituted by a trust deed dated 20 January 2020 by way of settlement or otherwise contributed by the Company or any subsidiary as directed by the Board which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Share Award Scheme rules and the trust deed. The Board may from time to time instruct the trustee in writing to purchase Shares on the Stock Exchange and specify the maximum amount of funds to be used and the range of prices (which are determined based on the prevailing market prices of the Shares) at which such Shares are to be purchased. The trustee shall apply such amount of residual cash towards the purchase of such maximum board lot of Shares at the prevailing market price according to the instructions from the Board. Once purchased, the Shares are to be held by the trustee for the benefit of selected grantees under the trust on and subject to the terms and conditions of the Share Award Scheme and the trust deed. The trustee shall keep the Board from time to time of the number of Shares purchased and the price at which those Shares have been purchased. The Shares so purchased and the remaining balance of any residual cash shall form part of the trust fund.

The Board may, from time to time, at its absolute discretion select any qualifying grantees (other than any excluded employee) for participation in the Share Award Scheme as a selected grantee, and grant such number of awarded shares to any selected grantee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

## SHARE AWARD SCHEME *(Continued)*

5. Restrictions: No award shall be made by the Board and no instructions to acquire any Shares shall be given to the trustee under the Share Award Scheme: (i) after inside information (as defined in the SFO) in relation to affairs or securities of the Company has arisen or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information is no longer inside information; (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results; (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.
6. Vesting: Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions, the respective awarded shares held by the trustee on behalf of the selected grantee pursuant to the provision hereof shall vest in such selected grantee in accordance with the vesting schedule (if any), and the trustee shall cause the awarded shares to be transferred to such selected grantee on the vesting date.
7. Voting rights: The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust (if any) (including but not limited to the awarded shares, any bonus shares and scrip Shares derived therefrom) whether or not in the name of another person as nominee of the trustee.

The Company shall comply with the relevant Listing Rules when granting the awarded shares. If awards are made to the directors or substantial shareholders of the Company, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

During the six months ended 30 June 2024 and up to the date of this interim report, no awarded shares were granted under the Share Award Scheme.

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 30 June 2021 (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The numbers of options available for grant under the Share Option Scheme on 1 January 2024 and 30 June 2024 are 47,648,366. There is no option granted during the six months ended 30 June 2024.

### 1. Purposes

The purposes of the Share Option Scheme are: (a) to attract and retain best available personnel; (b) to provide incentives to the participants for their contributions to the Group; and (c) to promote the success of the business of the Group.

### 2. Participants and determination of eligibility

The Board may, at its sole discretion, offer to grant any options to any full-time or part-time employees, directors (including executive, non-executive and independent non-executive directors), shareholders, consultants or advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of any member of the Group.

The eligibility of any participant to the grant of any option shall be determined by the Board (or where required under the Listing Rules, by the independent non-executive Directors) from time to time on the basis of the participant’s contribution or potential contribution to the development and growth of the Group.

### 3. Duration and Administration

The Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but the options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme. Save as aforesaid, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on 30 June 2021 (the “Adoption Date”) and shall expire at the close of business on 29 June 2031, after which no further options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with the terms of the Share Option Scheme.

The Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided in the rules of the Share Option Scheme) shall be final and binding on all parties to the Share Option Scheme.

## **SHARE OPTION SCHEME** *(Continued)*

### **4. Grant of options**

On and subject to the terms of the Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within ten (10) years from the Adoption Date to make any offer (subject to such conditions as the Board may think fit) to any participant as the Board may in its absolute discretion select to take up an option pursuant to which such participant may, during the option period, subscribe for such number of Shares as the Board may determine at the subscription price. An offer must be accepted within seven (7) days from and including the offer date or otherwise it shall be deemed declined by the participant in question. The amount payable to the Company by a participant on acceptance of an Offer is HK\$1.00.

### **5. Subscription price**

The subscription price shall be a price solely determined by the Board and notified to the participant and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and (c) the nominal value of a Share.

### **6. Maximum number of shares**

- (A) Subject to sub-sections (B) and (C) below, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes of the Company will not be counted for the purpose of calculating the 10% limit.
- (B) The Company may at any time seek approval by the shareholders in general meeting for refreshing the 10% limit mentioned in sub-section (A) above, provided that the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the refreshed limit must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other schemes of the Company or any exercised options) will not be counted for the purpose of calculating the refreshed 10% limit.
- (C) The Company may seek separate approval by the shareholders in general meeting for granting options beyond the 10% limit stated in sub-sections (A) and (B) provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

## **SHARE OPTION SCHEME** *(Continued)*

### **6. Maximum number of shares** *(Continued)*

- (D) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the Shares in issue from time to time. No options for Shares may be granted under the Share Option Scheme or any other schemes of the Company if this will result in the limit being exceeded.

### **7. Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve (12) month period must not exceed 1% of the Shares in issue. Any further grant of options to a participant which would result in the aforesaid 1% limit being exceeded must be separately approved by the shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. In seeking the shareholders' approval, the Company must send a circular to the shareholders disclosing the identity of the participant, the number and terms of the options to be granted (and the options previously granted to such participant) and all other information and the disclaimer required under the Listing Rules. The number and terms (including the subscription price) must be fixed before the shareholders' approval.

### **8. Exercise of options**

An option may be exercised, in whole or in part, by the grantee in accordance with the terms of the Share Option Scheme during the option period as determined by the Board, which shall not exceed ten (10) years from the offer date.

Unless otherwise determined by the Board, there is no minimum period for which an option must be held before it can be exercised nor is there any performance targets that must be achieved before an option can be exercised.

The Company shall comply with the relevant Listing Rules when granting options. If options are granted to the directors or substantial shareholders of the Group, such grant shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules unless and to the extent the awards are exempt under Chapter 17 of the Listing Rules.

## SHARE OPTION SCHEME (Continued)

The followings are details of the options granted pursuant to the Share Option Scheme but not yet exercised as at 30 June 2024:

Grantee(s)	Date of grant	Number of share options						Exercise Price HK\$	Approximate % of shareholding upon full exercise of share options Note (i)
		As at 1 January 2024	Granted	During the reporting period			As at 30 June 2024		
				Exercised	Cancelled	Lapsed			
Independent non-executive Directors									
Mr. Li Gong (Note ii)	27 July 2021	740,000	–	–	–	–	740,000	2.056	0.07%
Dr. Shi Ping	27 July 2021	740,000	–	–	–	–	740,000	2.056	0.07%
		1,480,000	–	–	–	–	1,480,000		0.14%
Employees of the Group	27 July 2021	7,380,000	–	–	–	(780,000)	6,600,000	2.056	0.61%
Consultants of the Group	27 July 2021	10,000,000	–	–	–	–	10,000,000	2.056	0.92%
Total		18,860,000	–	–	–	(780,000)	18,080,000		1.67%

Notes:

- (i) The percentage represents the number of underlying shares interested divided by the enlarged issue share capital of the Company as at 30 June 2024, assuming all the outstanding share options are exercised.
- (ii) Mr. Li Gong has resigned as an independent non-executive Director of the Company on 27 June 2024.
- (iii) The exercise period of the outstanding options is from the date of grant (i.e. 27 July 2021) to 26 July 2030, both dates inclusive. There is no vesting period for the share options as at 30 June 2024, and all of the share options have been fully vested to the grantees on 27 July 2021, being the date of grant.
- (iv) The closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet immediately before the date on which the outstanding options were granted (i.e. 26 July 2021) is HK\$2.08.

Save as disclosed above, during the six months ended 30 June 2024 and up to the date of this interim report, no other options were granted under the Share Option Scheme.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, underlying shares, or debentures of, the Company or any other body corporate.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

### Long positions in the shares of the Company

Name	Type of interest	Capacity/ Nature	Number of Shares held/ interested	Percentage of interest
Mr. Sze Ching Lau	Long position	Beneficial owner	223,744,000	21.00%
Lian Yang Investment Limited	Long position	Beneficial owner	76,092,789	7.14%

Notes:

(1) As of 30 June 2024, the Company's total number of issued shares was 1,065,454,100.

Save as disclosed above, as at 30 June 2024, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## 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
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### Non-executive Director

Mr. Sze Siu Ming	Appointed as a non-executive Director on 27 June 2024
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### Independent Non-executive Directors

Mr. Li Gong	Resigned as an independent non-executive Director on 27 June 2024
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Ms. Yung Hoi Yan, JP	Appointed as an independent non-executive Director on 27 June 2024
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## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Compliance with corporate governance code

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

### Compliance with Model Code for Securities Transactions by Directors

The Company has adopted 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.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION** *(Continued)*

### **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.

By Order of the Board

**Pan Asia Data Holdings Inc.**

**Gu Zhongli**

*Chairman*

Hong Kong, 30 August 2024

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(restated)
		Notes	
<b>Continuing operations</b>			
Revenue	3	90,202	278,834
Cost of sales		(33,185)	(75,913)
<b>Gross profit</b>		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	10	(238,301)	–
Impairment losses under expected credit loss model, net of reversal	5	(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 result of an associate		–	(10)
<b>Loss before taxation</b>		(366,278)	(4,627)
Income tax credit	6	6,308	12,145
<b>(Loss)/profit for the period from continuing operations</b>		(359,970)	7,518
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	7	–	(20,030)
<b>Loss for the period</b>		(359,970)	(12,512)
<b>Other comprehensive income/(expense)</b>			
<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)
<b>Other comprehensive income/(expense) for the period, net of tax</b>		2,506	(6,210)
<b>Total comprehensive expense for the period</b>		(357,464)	(18,722)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited) (restated)
<b>(Loss)/profit for the period attributable to:</b>			
— Owners of the Company		(226,005)	(17,072)
— Non-controlling interests		(133,965)	4,560
		<b>(359,970)</b>	<b>(12,512)</b>
<b>(Loss)/profit for the period attributable to owners of the Company arises from:</b>			
— Continuing operations		(226,005)	1,883
— Discontinued operation		—	(18,955)
		<b>(226,005)</b>	<b>(17,072)</b>
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
— Owners of the Company		(224,202)	(19,736)
— Non-controlling interests		(133,262)	1,014
		<b>(357,464)</b>	<b>(18,722)</b>
<b>Total comprehensive (expense)/income for the period attributable to owners of the Company arises from:</b>			
— Continuing operations		(224,202)	751
— Discontinued operation		—	(20,487)
		<b>(224,202)</b>	<b>(19,736)</b>
<b>(Loss)/earnings per share</b>			
<b>From continuing and discontinued operations</b>			
Basic and diluted (in HK cents)	8	<b>(21.21)</b>	<b>(1.96)</b>
<b>From continuing operations</b>			
Basic and diluted (in HK cents)	8	<b>(21.21)</b>	<b>0.22</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	8,409	16,527
Right-of-use assets	10	9,410	13,814
Intangible assets	10	128,319	367,599
Interest in an associate		–	–
Financial assets at fair value through profit or loss		87,652	88,281
Deferred tax assets		9,054	9,148
		<b>242,844</b>	495,369
<b>Current assets</b>			
Inventories		197	146
Trade and other receivables	11	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
		<b>1,061,793</b>	1,133,343
<b>Current liabilities</b>			
Trade and other payables	12	506,305	464,692
Lease liabilities		1,990	4,662
Penalty payable		97,218	97,434
Borrowings	13	5,421	5,277
Convertible bonds — debt component	14	57,966	55,501
Financial guarantee contract liabilities		526,961	526,961
		<b>1,195,861</b>	1,154,527
<b>Net current liabilities</b>		<b>(134,068)</b>	(21,184)
<b>Total assets less current liabilities</b>		<b>108,776</b>	474,185

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,846	14,031
Borrowings	13	–	210
Lease liabilities		1,652	3,202
		<b>9,498</b>	17,443
<b>Net assets</b>		<b>99,278</b>	456,742
<b>Capital and reserves</b>			
Share capital	15	10,654	10,654
Reserves		(5,133)	219,069
<b>Equity attributable to owners of the Company</b>		<b>5,521</b>	229,723
<b>Non-controlling interests</b>		<b>93,757</b>	227,019
<b>Total equity</b>		<b>99,278</b>	456,742

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Shareholders' contribution/ distribution reserve HK\$'000 (Note b)	Translation reserve HK\$'000	Other reserve HK\$'000 (Note c)	Non-distributable reserve HK\$'000 (Note d)	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	8,543	678,051	32,000	(274)	9,360	606	19,846	25,006	(570,147)	202,991	311,510	514,501
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(17,072)	(17,072)	4,560	(12,512)
Other comprehensive expense												
Exchange differences arising on translation of foreign operations	-	-	-	-	(1,389)	-	-	-	-	(1,389)	(3,546)	(4,935)
Share of other comprehensive expense of associates	-	-	-	-	(1,275)	-	-	-	-	(1,275)	-	(1,275)
Other comprehensive expense for the period	-	-	-	-	(2,664)	-	-	-	-	(2,664)	(3,546)	(6,210)
Total comprehensive (expense)/income for the period	-	-	-	-	(2,664)	-	-	-	(17,072)	(19,736)	1,014	(18,722)
Issue of shares (Note 15)	410	65,020	-	-	-	-	-	-	-	65,430	-	65,430
Disposal of subsidiaries (Note 16)	-	-	-	-	486	-	-	-	-	486	(236)	250
At 30 June 2023 (unaudited)	8,953	743,071	32,000	(274)	7,182	606	19,846	25,006	(587,219)	249,171	312,288	561,459
At 1 January 2024 (audited)	10,654	770,355	-	-	12,144	(3,933)	1,900	17,549	(578,946)	229,723	227,019	456,742
Loss for the period	-	-	-	-	-	-	-	-	(226,005)	(226,005)	(133,965)	(359,970)
Other comprehensive income												
Exchange differences arising on translation of foreign operations	-	-	-	-	1,803	-	-	-	-	1,803	703	2,506
Other comprehensive income for the period	-	-	-	-	1,803	-	-	-	-	1,803	703	2,506
Total comprehensive (expense)/income for the period	-	-	-	-	1,803	-	-	-	(226,005)	(224,202)	(133,262)	(357,464)
At 30 June 2024 (unaudited)	10,654	770,355	-	-	13,947	(3,933)	1,900	17,549	(804,951)	5,521	93,757	99,278

## Notes:

- The special reserve of the Group represents the nominal values of 32,000,000 non-voting class A shares of HK\$1 each issued by a subsidiary of the Company to its shareholders prior to a group reorganisation in 2002.
- The balance as at 30 June 2024 and 2023 included: (i) deemed distribution to a shareholder of approximately HK\$12,515,000 involving a distribution of assets other than cash to an owner by making reference to the fair value of the assets being distributed; (ii) deemed contribution from a shareholder of approximately HK\$842,000 on the disposal of a subsidiary with net liabilities; and (iii) deemed shareholders' contribution upon the waiver of loan from ultimate holding company of approximately HK\$11,399,000.
- Other reserve resulted from (i) provision for general risk reserve of subsidiaries in People's Republic of China (the "PRC") and (ii) acquisition of additional interests in a subsidiary without change in control.
- The non-distributable reserve of the Group mainly represents a statutory reserve requirement that the foreign investment enterprises appropriate 10% of the profit after taxation of the subsidiaries of the Company registered in the PRC to the non-distributable reserve under the PRC laws and regulations until the transferred amount equals 50% of the registered capital of these PRC subsidiaries. It can be used to make up for previous years' losses or converted into additional capital of these PRC subsidiaries.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(90,106)</b>	18,666
<b>Investing activities</b>		
Interest received	244	1,041
Dividends received from an associate	–	6,750
Proceeds from disposal of financial assets at fair value through profit or loss (“FVTPL”)	16,505	23,118
Proceeds from disposal of property, plant and equipment	–	293
Payments for purchases of property, plant and equipment	–	(18,243)
Payment for purchase of financial assets at FVTPL	–	(11,313)
Net cash outflows on disposal of subsidiaries ( <i>Note 16</i> )	–	(171)
<b>Net cash generated from investing activities</b>	<b>16,749</b>	1,475
<b>Financing activities</b>		
Interest paid	(13,994)	(8,285)
New other borrowings raised	2	25,153
Repayments of bank borrowings	(67)	(6,755)
Repayments of other borrowings	–	(16,715)
Repayments of lease liabilities	(2,260)	(7,688)
<b>Net cash used in financing activities</b>	<b>(16,319)</b>	(14,290)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(89,676)</b>	5,851
<b>Cash and cash equivalents at the beginning of the period</b>	<b>122,176</b>	212,775
Effect of foreign exchange rate changes	(854)	(1,898)
<b>Cash and cash equivalents at the end of the period</b>	<b>31,646</b>	216,728
<b>Represented by:</b>		
Bank balances and cash	31,646	216,728

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Pan Asia Data Holdings Inc. (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. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

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 formed a separate operating segment of coatings business, and therefore it 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.

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

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 of the Company (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 a 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 consolidated financial statements. The segment information reported as below does not include any amounts for the discontinued operation separated presented, which are described in more details in Note 7.

### 3. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

#### 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
<b>Segment revenue</b>			
— External revenue (Point in time)	89,721	481	90,202
Segment loss	(238,464)	(95,234)	(333,698)
Interest income			244
Unallocated corporate other income			231
Unallocated corporate other gains and losses, net			(3)
Unallocated corporate expenses			(22,148)
Unallocated finance costs			(10,904)
Loss before taxation from continuing operations			(366,278)
Income tax credit			6,308
Loss for the period from continuing operations			(359,970)

### 3. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

#### Segment revenues and results from continuing operations *(Continued)*

The Group's revenue and results by operating and reportable segments are presented below: *(Continued)*

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

	Big data services HK\$'000	Third-party payment services HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
— External revenue (Point in time)	278,611	223	278,834
Segment profit/(loss)	27,417	(8,781)	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 result of an associate			(10)
Loss before taxation from continuing operations			(4,627)
Income tax credit			12,145
Profit for the period from continuing operations			7,518

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 result of an associate. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.

### 3. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

#### Segment assets and liabilities

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

#### As at 30 June 2024 (unaudited)

	Big data services HK\$'000	Third-party payment services HK\$'000	Consolidated total HK\$'000
<b>ASSETS</b>			
Segment assets	332,636	321,699	654,335
Unallocated assets			650,302
			<b>1,304,637</b>
<b>LIABILITIES</b>			
Segment liabilities	205,202	313,176	518,378
Unallocated liabilities			686,981
			<b>1,205,359</b>

#### As at 31 December 2023 (audited)

	Big data services HK\$'000	Third-party payment services HK\$'000	Consolidated total HK\$'000
<b>ASSETS</b>			
Segment assets	605,630	390,500	996,130
Unallocated assets			632,582
			<b>1,628,712</b>
<b>LIABILITIES</b>			
Segment liabilities	250,520	275,680	526,200
Unallocated liabilities			645,770
			<b>1,171,970</b>

### 3. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

#### Segment assets and liabilities *(Continued)*

Segment assets include all tangible and intangible non-current assets and current assets with the exception of interest in an associate, financial assets at FVTPL, deferred tax assets, retained interest in the deconsolidated subsidiaries and other corporate assets. Segment liabilities include trade and other payables, lease liabilities, penalty payable and borrowings attributable to sales activities of each segment with the exception of convertible bonds, financial guarantee contract liabilities and corporate expense payables.

#### 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 HK\$'000 (unaudited)	2023 HK\$'000 (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
	HK\$'000	HK\$'000
	(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 (Note 14) (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
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
From continuing operations:		
Deferred tax credit	(6,308)	(12,145)

## 7. DISCONTINUED OPERATION

Rookwood and its subsidiaries formed a separate operating segment of coatings business, and therefore it was classified as a discontinued operation. The results of the discontinued operation, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

### Results of discontinued operation

The loss for the six months ended 30 June 2024 and 2023 from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the discontinued operation.

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Revenue</b>	–	204,610
Cost of sales	–	(158,569)
<b>Gross profit</b>	–	46,041
Other income	–	9,188
Other gains and losses, net	–	1,922
Impairment losses under expected credit loss model, net of reversal	–	(1,726)
Distribution and selling expenses	–	(15,585)
Administrative expenses	–	(33,135)
Finance costs	–	(17,720)
Share of results of associates	–	(8,666)
<b>Loss before taxation</b>	–	(19,681)
Income tax expenses	–	(349)
<b>Loss after taxation</b>	–	(20,030)

## 7. DISCONTINUED OPERATION *(Continued)*

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

	Six months ended 30 June	
	2024	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Depreciation of property, plant and equipment	–	7,096
Depreciation of right-of-use assets	–	3,126
Loss on disposal of property, plant and equipment	–	18

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

	Six months ended 30 June	
	2024	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash inflows from operation activities	–	1,370
Net cash inflows from investing activities	–	3,706
Net cash outflows from financing activities	–	(8,964)
Net decrease in cash and cash equivalents	–	(3,888)

## 8. (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
	HK\$'000	HK\$'000
	(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	–	(18,955)
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share from continuing operations	(226,005)	1,883

## 8. (LOSS)/EARNINGS PER SHARE *(Continued)*

### From continuing operations *(Continued)*

	Six months ended 30 June	
	2024	2023
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,065,454	869,048

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 earning per share for the six months ended 30 June 2023 did not assume the exercise of the Company's outstanding convertible bonds and shares 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.

## 9. DIVIDEND

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

## **10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS**

During the six months ended 30 June 2024, total additions to property, plant and equipment were approximately HK\$Nil (six months ended 30 June 2023: HK\$18,243,000).

During the six months ended 30 June 2024, there was no disposal of property, plant and equipment. During the six months ended 30 June 2023, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$127,000 for cash proceeds of approximately HK\$293,000, resulting in a gain on disposal from continuing operations of approximately HK\$184,000 and a loss on disposal from discontinued operation of approximately HK\$18,000.

During the six months ended 30 June 2024, the Group terminated a lease agreement. On date of lease termination, the Group derecognised right-of-use assets of approximately HK\$2,007,000 and lease liabilities of approximately HK\$2,053,000, resulting in a gain on termination of approximately HK\$46,000. During the six months ended 30 June 2023, there was no lease termination.

During the six months ended 30 June 2024, there was no renewal of lease agreement or new lease agreement entered into by the Group. During the six months ended 30 June 2023, the Group renewed a lease agreement and entered into several new lease agreements with lease terms ranged from 1 to 2 years. On date of lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$4,128,000.

### **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 of 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.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS *(Continued)*

### **Impairment assessment** *(Continued)*

The recoverable amount of Big Data CGU is amounted to approximately HK\$219,000,000 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.

If the discount rate was increased by 1% while other parameters remain constant, the recoverable amount of Big Data CGU would be reduced to approximately HK\$200,000,000 and a further impairment of supplier relationship directly related to Big Data CGU of approximately HK\$19,000,000 would be recognised.

If the budgeted sales covering 5-year period were reduced by 5% while other parameters remain constant, the recoverable amount of Big Data CGU would be reduced to approximately HK\$180,000,000 and a further impairment of supplier relationship directly related to Big Data CGU of approximately HK\$39,000,000 would be recognised.

## 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (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 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (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 RECEIVABLES *(Continued)*

As at 30 June 2024, included in the Group's trade receivables balance were trade receivables with an aggregate carrying amount of approximately HK\$76,361,000 (31 December 2023: HK\$129,705,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$76,361,000 (31 December 2023: HK\$57,870,000) 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 did not hold any collateral over these balances.

As at 30 June 2024, included in other receivables were amounts due from minority shareholders of subsidiaries of approximately HK\$2,281,000 (31 December 2023: HK\$2,075,000). The amounts were unsecured, interest-free and repayable on demand.

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (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))</i>	46,159	94,455
Other payables and accruals <i>(Note (ii))</i>	222,033	96,372
	<b>506,305</b>	464,692

*Notes:*

- (i) 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.
- (ii) As at 30 June 2024, included in other payables were amounts due to minority shareholders of subsidiaries of approximately HK\$20,153,000 (31 December 2023: HK\$18,008,000). The amounts are unsecured, interest-free and repayable on demand.

## 12. TRADE AND OTHER PAYABLES *(Continued)*

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 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (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

## 13. BORROWINGS

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Unsecured		
— Bank borrowing (Note (i))	142	210
— Other borrowings (Note (ii))	5,279	5,277
	5,421	5,487
Less: amount due for settlement within one year shown under current liabilities	(5,421)	(5,277)
Amount due for settlement after one year shown under non-current liabilities	—	210

Notes:

- (i) As at 30 June 2024 and 31 December 2023, the Group had a fixed-rate bank borrowing of RMB130,000 (equivalent to approximately HK\$142,000) (31 December 2023: RMB190,000 (equivalent to approximately HK\$210,000)), which was denominated in RMB and carried interest at 9.792% per annum. The bank borrowing was unsecured and is repayable in 2025.
- (ii) As at 30 June 2024 and 31 December 2023, the Group had two fixed-rate other borrowings totaling of approximately HK\$5,279,000 (31 December 2023: HK\$5,277,000), which were all denominated in HK\$ and carried interest at 1.5% per month. The borrowings are unsecured and repayable in 2024.

## 14. CONVERTIBLE BONDS

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

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

As at 30 June 2024, the Company was in default under the terms and conditions of the relevant agreements of the Convertible Bonds for the aggregate principal amount and interests of approximately HK\$57,966,000 (31 December 2023: HK\$55,501,000).

The movement of Convertible Bonds is as follows:

	Debt component HK\$'000	Embedded derivative component HK\$'000	Total HK\$'000
<b>As at 1 January 2023 (audited)</b>	49,985	76	50,061
Gain arising on changes in fair value	–	(76)	(76)
Interest charge	5,516	–	5,516
<b>As at 31 December 2023 (audited) and 1 January 2024</b>	55,501	–	55,501
Interest charge (Note 4)	2,465	–	2,465
<b>As at 30 June 2024 (unaudited)</b>	<b>57,966</b>	<b>–</b>	<b>57,966</b>

## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised share capital:</b>		
At 1 January 2023(audited), 30 June 2023 (unaudited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	10,000,000,000	100,000
<b>Issued:</b>		
At 1 January 2023 (audited)	854,316,981	8,543
Issue of shares under debt capitalisation (Note)	40,988,927	410
At 30 June 2023 (unaudited)	895,305,908	8,953
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	1,065,454,100	10,654

*Note:*

On 18 April 2023, the Company had allotted and issued an aggregate of 35,963,448 capitalisation shares at the subscription price of HK\$1.60 per capitalisation share to the creditors for the settlement of the outstanding sum of approximately HK\$57,542,000. Details are set out in the Company's announcement dated 27 March 2023 and 18 April 2023. After deducting related expenses, an amount of approximately HK\$57,123,000 in excess of par value was credited to share premium.

On 30 June 2023, the Company had allotted and issued an aggregate of 5,025,479 capitalisation shares at the subscription price of HK\$1.60 per capitalisation share to the creditor for the settlement of the outstanding sum of approximately HK\$8,041,000. Details are set out in the Company's announcement dated 21 June 2023 and 30 June 2023. After deducting related expenses, an amount of approximately HK\$7,897,000 in excess of par value was credited to share premium.

## 16. DISPOSAL OF SUBSIDIARIES

### (a) Trufield (Dongguan) Innovative Material Limited\* (信輝(東莞)新材料有限公司) (“Trufield”)

During the last interim period, the Group entered into an agreement to dispose of its entire equity interest in Trufield to an independent third party at a consideration of HK\$5,090,000. Trufield was engaged in the manufacturing of coatings. The disposal was completed on 28 June 2023.

The net assets of Trufield at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	
Property, plant and equipment	2,436
Right-of-use assets	4,193
Inventories	4,119
Trade and other receivables	8,683
Bank balances and cash	2,628
Trade and other payables	(13,012)
Lease liabilities	(4,247)
Tax payable	(308)
	4,492
Gain on disposal	188
Release of reserves upon disposal	410
Total consideration	5,090
Satisfied by:	
Cash	2,545
Deferred cash consideration ( <i>Note</i> )	2,545
	5,090
Net cash outflow arising on disposal:	
Total cash consideration received	2,545
Cash and cash equivalents disposal of	(2,628)
	(83)

*Note:* The deferred consideration had been settled in cash by the buyer in July 2023.

\* English translated name is for identification purpose only.

## 16. DISPOSAL OF SUBSIDIARIES *(Continued)*

### (b) Fuzhou Asia Trading Company Limited\* (福州艾薩商貿有限責任公司) ("Fuzhou Asia Trading")

During the last interim period, the Group entered into an agreement to dispose of its 65% equity interest in Fuzhou Asia Trading to an independent third party at a consideration of HK\$322,000. Fuzhou Asia Trading was engaged in investment holding company. The disposal was completed on 6 June 2023.

The net assets of Fuzhou Asia Trading at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	
Interest in an associate	277
Trade and other receivables	19
Bank balances and cash	410
Trade and other payables	(31)
	675
Non-controlling interests	(236)
Loss on disposal	(193)
Release of reserves upon disposal	76
Total consideration	322
Satisfied by:	
Cash	322
Net cash outflow arising on disposal:	
Total cash consideration received	322
Cash and cash equivalents disposal of	(410)
	(88)

\* English translated name is for identification purpose only.

## 17. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of the executive directors of the Company, who represent the key management personnel of the Group, during the period was as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Short-term employee benefits	4,720	1,941
Post-employment benefits	119	56
	4,839	1,997

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

In determining the fair value of the financial instruments, the management of the Company has set up a valuation committee, which is headed up by the financial controller of the Company (the “Financial Controller”), to determine the appropriate valuation techniques and inputs for fair value measurements.

The Financial Controller reports the valuation committee’s findings to the management of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Fair value of the Group’s financial assets and financial liabilities are measured at fair value on a recurring basis. Certain Group’s financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Financial assets/ financial liabilities	Fair value as at				Significant unobservable inputs
	30 June 2024 (unaudited)	31 December 2023 (audited)	Fair value hierarchy	Valuation techniques and key inputs	
Unlisted equity investment classified as financial asset at FVTPL (Note (i))	<b>Assets, HK\$87,652,000</b>	Assets, HK\$88,281,000	Level 3 (31 December 2023: Level 2)	Adjusted net asset value of equity (31 December 2023: Determined by the directors of the Company with reference to recent transaction price completed near to the period end)	N/A
Unlisted equity investment classified as financial asset at FVTPL	<b>Assets, HK\$Nil</b>	Assets, HK\$Nil	Level 3	Adjusted net asset value of equity (Note (ii))	N/A
Financial Products	<b>Assets, HK\$5,478,000</b>	Assets, HK\$22,070,000	Level 2	Discounted cash flow – Future cash flows are estimated based on expected return, discounted at a rate that reflects the risk of underlying investments	N/A
Retained interest in the deconsolidated subsidiaries	<b>Assets, HK\$508,618,000</b>	Assets, HK\$508,618,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will be generated from the deconsolidated subsidiaries, based on an appropriate discount rate	Discount rate of 12% (Note (iii))  Long-term average growth rate of 2.2% (Note (iii))

### Notes:

- (i) At 31 December 2023, the fair value of the unlisted equity investment was determined with reference to recent transaction price completed near to that date and was classified as Level 2 of the fair value hierarchy. At 30 June 2024, its fair value is determined based on adjusted net asset value of equity and is classified as Level 3 of the fair value hierarchy.
- (ii) The unlisted equity investment carries at a zero fair value.
- (iii) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement, and vice versa, showing negative correlation in discount rate. Also, an increase in the long-term average growth rate used in isolation would result in an increase in the fair value measurement, and vice versa, showing positive correlation in long-term average growth rate.

Except as described in Note (i) above, there are no transfers between Levels 1 and 2, or transfers into or out of Level 3 during the six months ended 30 June 2024. During the six months ended 30 June 2023, there were no transfers between Levels 1 and 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## 18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurement of financial liabilities:

	Unlisted equity investment classified as financial asset at FVTPL HK\$'000	Retained interest in the deconsolidated subsidiaries HK\$'000	Convertible bonds – embedded derivative component HK\$'000
As at 1 January 2023 (audited)	-	-	76
Gain on fair value change	-	-	(76)
As at 30 June 2023 (unaudited)	-	-	-
As at 1 January 2024 (audited)	-	508,618	-
Transfer from Level 2 to Level 3	87,652	-	-
As at 30 June 2024 (unaudited)	87,652	508,618	-

The management of the Group consider that the carrying amounts of the Group's current financial assets and current financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

## 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.