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Pan Asia Data Holdings Inc.

聯洋智能控股有限公司

(Formerly known as Manfield Chemical Holdings Limited 萬輝化工控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

**AMENDMENT OF CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF LAND USE RIGHTS OF PROPERTY 2**

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Pan Asia Data Holdings Inc. (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 17 November 2015 (the “**Prospectus**”) in relation to, among others, the acquisition of the land use rights of Property 2 by Springfield from Zengcheng Ltd. (the “**Land Acquisition**”) and the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”); (ii) the announcements of the Company dated 30 September 2016, 12 December 2017 and 5 December 2018 regarding the delay in completion of connected transaction in relation to the Land Acquisition; and (iii) the interim report of the Group for the six months ended 30 June 2019 in relation to the use of proceeds of the Listing. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

AMENDMENT OF CONNECTED TRANSACTION IN RELATION TO THE LAND ACQUISITION

Pursuant to the land use rights transfer agreement entered into between Zengcheng Ltd. and Springfield on 10 September 2012 (as supplemented by various supplemental agreements), Zengcheng Ltd. agreed to transfer to Springfield the land use rights of Property 2, which comprises two land parcels, namely one land parcel of 18.209 mu (equivalent to approximately 12,139 square meters) (“**Parcel 1**”) and one land parcel of 19.932 mu (equivalent to approximately 13,288 square meters) (“**Parcel 2**”). Due to uncertainties over the development of the ongoing US-China trade war, the decision for expanding the Land Acquisition in relation to Parcel 2 is discontinued. Further, additional time is required for compliance with various registration and approval procedures required for the Land Acquisition in relation to Parcel 1.

In the circumstances, Springfield and Zengcheng Ltd. have entered into a supplemental agreement on 31 December 2019 to amend the terms of the Land Acquisition, key terms of which are as follows:

- (i) Zengcheng Ltd. will return the deposit of RMB359,768 in relation to Parcel 2 to Springfield and Parcel 2 will no longer form part of the Land Acquisition;
- (ii) the completion date of the Land Acquisition in relation to Parcel 1 will be extended to a date before 31 December 2020; and
- (iii) the remaining consideration for Parcel 1 will be RMB1,254,914.

The Directors are of the view that the amendments to the terms of the Land Acquisition will not have any material adverse impact on the operations or financial position of the Company. The Company will make further announcement to update Shareholders as to the development of the Land Acquisition as and when appropriate.

CHANGE IN USE OF PROCEEDS

The Board would like to further announce that it has resolved to change the use of net proceeds from the Listing.

As disclosed in the interim report of the Group for the six months ended 30 June 2019, it was intended that the net proceeds of approximately HK\$119.9 million would be used for the following purposes:

- approximately HK\$81.7 million to partially fund phase two of construction of the Springfield production facilities;
- approximately HK\$12.0 million for purchase of additional machinery and equipment;
- approximately HK\$3.3 million for partial settlement of the purchase price of the land for phase two of construction of the Springfield production facilities;
- approximately HK\$20.0 million for repayment of a bank overdraft facility; and
- approximately HK\$2.9 million for general working capital of our Group.

As at 30 June 2019, the Group has utilised net proceeds from the Listing of approximately HK\$42.2 million. On 31 December 2019, the Board resolved to change the proposed use of net proceeds from the Listing. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, and the utilised net proceeds as at the date of this announcement are set out as follows:

<i>Use</i>	Original allocation <i>HK\$ million</i>	Revised allocation <i>HK\$ million</i>	Utilisation as at 30 June 2019 <i>HK\$ million</i>	Remaining balance after revised allocation <i>HK\$ million</i>
Funding of phase two of construction of the Springfield production facilities	81.7	33.1	8.1	25.0
Purchase of additional machinery and equipment	12.0	12.0	11.2	0.8
Partial settlement of the purchase price of the land for phase two of construction of the Springfield production facilities	3.3	1.4	—	1.4
Repayment of a bank overdraft facility	20.0	20.0	20.0	—
General working capital of the Group	2.9	2.9	2.9	—
Long term lease for a piece of land in Vietnam	—	5.4	—	5.4
Construction of Vietnam production facilities	—	13.1	—	13.1
Purchase of additional machinery and equipment, and other cost for Vietnam production	—	9.5	—	9.5
General working capital of Vietnam operation	—	22.5	—	22.5
	<u>119.9</u>	<u>119.9</u>	<u>42.2</u>	<u>77.7</u>

Save for the aforesaid changes, there is no other change of the use of the proceeds of the Listing.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

In view of the uncertainties over the US-China trade war, the Group has been exploring investment opportunities to set up a new manufacturing plant outside the PRC to diversify the production base of the Group and mitigate the adverse effect of local policies and regulations. In this regard, the Group plans to set up a manufacturing plant in Vietnam to produce industrial coatings to supply the Vietnam market and international market and has established an indirect wholly-owned subsidiary, Manfield Coatings Vietnam Company Limited (“**Manfield Vietnam**”) for such purpose. Manfield Vietnam is established on 15 November 2019 and the total amount of investment for the project is expected to be VND149,986 million (equivalent to approximately USD6.5 million at an exchange rate of USD1 to VND23,200).

In addition, given that Parcel 2 is no longer available for the Land Acquisition and for the reasons mentioned above, the Group intends to scale back phase two of construction of the Springfield production facilities in Guangzhou and to reallocate part of the proceeds originally allocated for the Land Acquisition and funding of phase two construction to the implementation of the Vietnam project, including obtaining a long term lease for a piece of land, construction of production facilities, purchase of additional machinery and equipment, and general working capital for the operations in Vietnam.

The Directors confirm that there are no material changes in the nature of business of the Group as set out in the Prospectus and the interim report of the Group for the six months ended 30 June 2019. The Directors (including the independent non-executive Directors) consider the above change in the use of the net proceeds from the Listing is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to achieve its business objectives and is therefore in the interests of the Group and the Shareholders as a whole.

By order of the Board
Pan Asia Data Holdings Inc.
Dr. Li Zhong Yuan
Chairman

Hong Kong, 31 December 2019

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

Executive Directors:

Dr. Li Zhong Yuan

Ms. Liu Rong Rong

Non-executive Directors:

Mr. Kong Muk Yin

Ms. Zuo Yi

Independent non-executive Directors:

Mr. Li Gong

Mr. Wang Jianping

Dr. Shi Ping