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Pan Asia Data Holdings Inc.

聯洋智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

UPDATE ON THE GROUP'S THIRD-PARTY PAYMENT SERVICES SEGMENT

This announcement is made on a voluntary basis to update shareholders on certain operations of the Group.

BACKGROUND

On 2 December 2020, the Company made an announcement alerting stakeholders that its third-party payment services segment (the “**Third-Party Payment Services Segment**”) had been experiencing a substantial deterioration in its operating environment, resulting in sharp declines in revenues and profitability derived from this segment.

On 31 March 2021, in the announcement of audited results for the year ended 31 December 2020, it was reported that total impairment losses of goodwill and intangible assets amounting to approximately HK\$1,247.5 million were incurred by the Group in relation to the Third-Party Payment Services Segment. The net effect (net of a deferred tax credit of approximately HK\$227.3 million) to the consolidated statement of profit or loss was approximately HK\$1,020.2 million (of which HK\$535.9 million were attributable to owners of the Company with the rest attributable to non-controlling interests).

On 31 August 2021, in the announcement of its interim results for the six months ended 30 June 2021, the Company reported that further impairment losses of intangible assets amounting to approximately HK\$631.6 million were incurred by the Group in relation to the Third-Party Payment Services Segment. The net effect (net of a deferred tax credit of approximately HK\$156.1 million) to the condensed consolidated statement of profit or loss was approximately HK\$475.5 million (of which HK\$137.8 million were attributable to owners of the Company with the rest attributable to non-controlling interests).

As at 30 June 2021, the carrying value of the net assets of the Third-Party Payment Services Segment amounted to approximately HK\$364.7 million (of which HK\$105.7 million were attributable to owners of the Company with the rest attributable to non-controlling interests). The amount is made up of the following:

	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets		15,862
Current Assets (excluding cash and cash equivalents)	237,942	
Cash and cash equivalents (including restricted bank deposits)	<u>390,372</u>	
		628,314
Current Liabilities		(277,946)
Non-current liabilities		<u>(1,492)</u>
Net Assets (<i>Note</i>)		<u><u>364,738</u></u>
Attributable to owners of the Company		105,695
Non-controlling interests		<u>259,043</u>
		<u><u>364,738</u></u>

Note: Net assets of the Third-Party Payment Services Segment represented total assets (property, plant and equipment, right-of-use assets, financial assets at fair value through profit or loss, deferred tax assets, inventories, trade and other receivables, restricted bank deposits and bank balances and cash), net off with total liabilities (trade and other liabilities, lease liabilities and borrowings) attributable to this segment.

All intangible assets (including goodwill) in relation to the Third-Party Payment Services Segment had been completely written off by 30 June 2021.

During the six months ended 30 June 2021, total revenues derived from the Third-Party Payment Services Segment amounted to approximately HK\$3.3 million, representing less than 2% of the total revenues (HK\$212.9 million) of the Group for the period.

DAYS SERVICES

Days Services is a member of the Group and a non-wholly owned subsidiary of the Company. Under PRC laws, Days Services is authorized to conduct third-party payment services by virtue of the Payment License granted by the PBOC. The license was due to expire on 28 August 2021. In the course of the last few months, Days Services applied for a renewal of the Payment License and the PBOC had been conducting a review process to consider whether the Payment License would be renewed.

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 order to avoid any undue disruptions to its customers and the financial market.

The Company will continue to monitor the situation and updates will be announced as soon as further material information becomes available. In view of the deteriorating operating and market conditions and the 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Pan Asia Data Holdings Inc. (聯洋智能控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 1561)
“Days Services”	Day’s Enterprise Company Limited* (得仕股份有限公司), a company incorporated in the PRC
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Payment License”	a license currently held by Days Services issued by PBOC permitting it to process internet payment services and prepaid card issue and management services
“PBOC”	the People’s Bank of China (中國人民銀行)

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

Hong Kong, 31 August, 2021

At the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Ms. Liu Rong Rong, Mr. Charles Simon and Mr. Jin Peiyi as executive Directors; and Mr. Li Gong, Mr. Wang Jianping and Dr. Shi Ping as independent non-executive Directors.

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