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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)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE AND CANCELLATION OF PROMISSORY NOTE

On 22 November 2022 (after trading hours), the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe, a total of 92,833,316 new Shares at the price of HK\$1.5015 per Share. The Subscription Shares represent approximately 12.19% of the issued share capital of the Company as at the date of this announcement and approximately 10.87% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. If such condition is not fulfilled, the Subscription will not proceed.

The consideration for the Subscription is agreed to be a full and irrevocable settlement of the Outstanding Sum of the Promissory Note owed by Pan Asia BVI, a wholly-owned subsidiary of the Company, to the Subscriber. Upon completion of the Subscription, the Promissory Note will be cancelled.

Completion of the Subscription is subject to the Stock Exchange granting the listing of and permission to deal in the Subscription Shares, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

References are made to the announcement of the Company dated 4 March 2019 and the circular of the Company dated 18 April 2019 (the “**Circular**”) in relation to the acquisition of 51% of the equity interest in Mao Hong Information Technology Holding Limited. As disclosed in the Circular, Pan Asia BVI, a wholly-owned subsidiary of the Company, had issued a Promissory Note to the seller, namely Mao Hong Holding Limited (the “**Original Noteholder**”), as consideration for the aforesaid acquisition.

On 17 November 2022, the Original Noteholder entered into a deed of transfer with the Subscriber, pursuant to which the Original Noteholder agreed to assign all of the rights, title, interests and benefits in and to the Promissory Note, including the principal amount of the Promissory Note and the accrued interests thereon, to the Subscriber.

The outstanding principal amount and the accrued interests thereon have been due for payment as at the date of this announcement. After negotiation with the Subscriber, the Board announces that on 22 November 2022 (after trading hours of the Stock Exchange), Pan Asia BVI and the Subscriber has agreed to settle the Outstanding Sum of the Promissory Note of HK\$139,389,224 in aggregate by way of allotment and issue of a total of 92,833,316 new Shares at the price of HK\$1.5015 per Share to the Subscriber, subject to (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares to be allotted and issued; and (ii) compliance with the applicable rules and regulations under the Listing Rules.

THE SUBSCRIPTION

Date

22 November 2022

Issuer

the Company

Subscriber

Yu Wei Xing (俞衛星)

The Subscriber is a natural person who is a PRC resident. To the best of the Directors’ information and belief after having made all reasonable enquiries, the Subscriber is a third party independent of the Company and its connected persons.

Number of Subscription Shares

The Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe, a total of 92,833,316 new Shares, being the Subscription Shares. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription, the Subscription Shares represent approximately 12.19% of the issued share capital of the Company as at the date of this announcement and approximately 10.87% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$928,333.

Subscription Price and Consideration and Cancellation of the Promissory Note

HK\$1.5015 per Subscription Share, representing:

- (a) a premium of approximately 6.49% to the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 22 November 2022, being the date on which the Company and the Subscriber conditionally agreed on the Subscription; and
- (b) a premium of approximately 7.25% to the average closing price of HK\$1.40 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date on which the Company and the Subscriber conditionally agreed on the Subscription.

The net issue price of the Subscription Shares is HK\$1.5015 per Subscription Share. The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to, among others, the market price of the Shares.

The consideration for the Subscription is agreed to be a full and irrevocable settlement of the Outstanding Sum of the Promissory Note. Upon completion of the Subscription, the Promissory Note will be cancelled.

General Mandate

The Subscription Shares will be issued under the General Mandate granted to Directors to allot, issue and deal with 152,296,733 new Shares. The Company has not issued any Share under the General Mandate as at the date of this announcement.

Application for Listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distributions after the date of allotment.

Condition to the Subscription

Completion of the Subscription is conditional upon the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

No Shareholders' approval is required for the issuance of the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place as soon as practicable after the date upon which the condition mentioned above has been satisfied. If such condition is not fulfilled, the Subscription will not proceed.

Cancellation of the Promissory Note

The Company and the Subscriber agreed that upon completion of the Subscription, the Promissory Note shall be cancelled and the obligations of the parties to the Promissory Note shall cease and determine and neither party shall have any claim against each other in respect of the Promissory Note.

FUND-RAISING EXERCISE IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

Date of announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
29 November 2021, 22 December 2021	Placing of convertible bonds	Approximately HK\$44.9 million	(i) as to approximately 20.0% for development of business in the new economy industry (ii) as to approximately 80.0% for general working capital and debt arrangement	All of the net proceeds had been utilized according to the intended uses

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholdings of the Company as at date of this announcement and immediately after completion of the Subscription is and will be as follows:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Non-public Shareholders				
Timenew Limited	211,869,714	27.83	211,869,714	24.80
Sze Ching Lau	84,600,000	11.11	84,600,000	9.90
Lian Yang Investment Limited	76,092,789	9.99	76,092,789	8.91
Subscriber	—	—	92,833,316	10.87
<i>Subtotal</i>	<u>372,562,503</u>	<u>48.93</u>	<u>465,395,819</u>	<u>54.48</u>
Public Shareholders				
Other public Shareholders	<u>388,921,162</u>	<u>51.07</u>	<u>388,921,162</u>	<u>45.52</u>
<i>Subtotal</i>	<u>388,921,162</u>	<u>51.07</u>	<u>388,921,162</u>	<u>45.52</u>
<i>Total</i>	<u>761,483,665</u>	<u>100.00</u>	<u>854,316,981</u>	<u>100.00</u>

REASONS FOR THE SUBSCRIPTION

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

The Promissory Note bears interest at the rate from 0.25% to 1.25% per annum depending on the repayment date and has been due for payment as of the date of this announcement. The issue of the Subscription Shares capitalizes the entire outstanding amount under the Promissory Note without utilizing the existing financial resources of the Group. It is expected that completion of the Subscription will reduce the liabilities and gearing ratio and strengthen the financial position of the Group.

As at 30 June 2022, the Group had cash in hand of approximately HK\$241.6 million and trade and bills receivables of approximately HK\$314.8 million. On the other hand, as at 30 June 2022, the Group had (i) current liabilities of other borrowings which were due for settlement within one year of approximately HK\$61.8 million; and (ii) trade payables which were due for settlement of approximately HK\$186.5 million. Excluding the aforesaid amount of cash which had been earmarked for the settlement of other borrowings and trade payables, while the remaining cash balances of the Group is sufficient to repay the Promissory Note, the Directors consider that it is important and prudent to maintain sufficient cash and liquidity to support the Group's working capital needs and stable operation under the recent challenging economic environment, instead of depleting a substantial portion of the Group's cash for the settlement of Promissory Note.

Before proceeding with the Subscription, the Company has explored alternative financing methods, such as rights issue, open offer, placing of new shares and bank financing. However, given the recent turbulence and uncertainty in the stock market and the economic environment, it is difficult to ascertain market demand and to have certainty in successful equity fund raising, and is also difficult to procure an underwriter for rights issue/open offer or a placing agent for share placement. Rights issue and open offer generally requires more legal documentations preparation and additional administrative procedures which are relatively more time consuming and less cost effective. For bank borrowings, it would require sufficient collateral as security and incur interest expenses and the process is often time consuming. Further, as disclosed in the Company's interim report for the six months ended 30 June 2022, the gearing ratio of the Group (calculated by dividing total debts by total equity multiplied by 100%) as at 30 June 2022 was approximately 162.8%. Settlement of the Promissory Note through additional bank borrowings may be subject to lengthy negotiations and unfavorable financing terms. There will also be additional interest burden to the Group, which will further increase the gearing ratio and the liabilities position of the Group, and may not be beneficial to the Company and the Shareholders as a whole.

Although the allotment and issue of the Subscription Shares will have a dilution effect to the existing Shareholders, the Directors believe that the Subscription will alleviate the repayment pressure of the Group, improve the gearing ratio of the Company, strengthen its financial position and capital structure and retain cashflow of the Group for its future business development, and therefore it is considered that the dilution effect arising from the allotment and issue of the Subscription Shares is justifiable in this regard. Having taken into account the pros and cons of the aforementioned fund raising alternatives, the Company considered that the Subscription would be a more efficient, cost-effective and appropriate method for settlement of the Promissory Note for the Group.

In view of the above, the Directors consider that the terms of the Subscription to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Completion of the Subscription is subject to the Stock Exchange granting the listing of and permission to deal in the Subscription Shares, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following words and phrases have the following meanings:

“2022 AGM”	the annual general meeting of the Company held on 1 June 2022
“Board”	the board of Directors of the Company
“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 (Stock Code: 1561)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2022 AGM to allot and issue up to 152,296,733 new Shares, representing 20% of the issued share capital of the Company on the date of the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Sum”	the outstanding principal amount of the Promissory Note and the accrued interest thereon, which is agreed to be HK\$133,985,278 and HK\$5,403,946, respectively, by the Company and the Subscriber
“Pan Asia BVI”	Pan Asia Data (BVI) Inc, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Promissory Note”	the promissory note dated 27 February 2020 owed by Pan Asia BVI and payable to the Subscriber in the outstanding principal amount of HK\$133,985,278 carrying with it interest at the rate from 0.25% to 1.25% per annum depending on the repayment date and due on 26 February 2022 (which further extended to 24 June 2022 and 24 August 2022 in March and June 2022, respectively)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yu Wei Xing (俞衛星), a natural person who is a PRC resident and a third party independent of the Company and its connected persons
“Subscription”	the subscription of the Subscription Shares agreed by Company and the Subscriber as at the date of this announcement for the cancellation of the Promissory Note
“Subscription Price”	HK\$1.5015 per Subscription Share
“Subscription Shares”	92,833,316 new Shares to be issued and allotted to the Subscriber under the Subscription, and each a “Subscription Share”

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

Hong Kong, 22 November 2022

At the date of this announcement, the Board comprises Mr. Gu Zhongli (Chairman), Mr. Charles Simon and Mr. Jin Peiyi as executive Directors; Dr. Dong Liuhuan as a non-executive Director; and Mr. Li Gong, Dr. Shi Ping and Ms. Xu Yanqiong as independent non-executive Directors.