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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)

**ANNOUNCEMENT OF AUDITED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The board of directors (“**Board**” or “**Directors**”) of Pan Asia Data Holdings Inc. (“**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as “**Group**”) for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>730,699</b>	426,346
Cost of sales		<u>(522,915)</u>	<u>(341,005)</u>
<b>Gross profit</b>		<b>207,784</b>	85,341
Other income	6	<b>28,435</b>	19,235
Other gains and losses	7	<b>(7,253)</b>	(76)
Impairment losses under expected credit loss model	8	<b>(3,672)</b>	(1,541)
Distribution and selling expenses		<b>(53,304)</b>	(38,591)
Administrative expenses		<b>(119,519)</b>	(63,300)
Finance costs	9	<b>(16,702)</b>	(5)
Share of results of associates	15	<u><b>3,733</b></u>	<u>8,397</u>
<b>Profit before taxation</b>	10	<b>39,502</b>	9,460
Income tax expense	11	<u><b>(8,400)</b></u>	<u>(2,092)</u>

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Profit for the year</b>		<b>31,102</b>	7,368
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(23,309)</b>	8,563
Non-controlling interests		<b>54,411</b>	(1,195)
		<b>31,102</b>	7,368
<b>(Loss)/earnings per share</b>			
Basic and diluted	<i>13</i>	<b>(HK3.8) cents</b>	HK1.4 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2019*

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Profit for the year</b>	<u><b>31,102</b></u>	<u>7,368</u>
<b>Other comprehensive expense</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(33,148)	(13,051)
Share of other comprehensive expense of associates	<u>(3,153)</u>	<u>(7,623)</u>
<b>Other comprehensive expense for the year</b>	<u><b>(36,301)</b></u>	<u>(20,674)</u>
<b>Total comprehensive expense for the year</b>	<u><u><b>(5,199)</b></u></u>	<u><u>(13,306)</u></u>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the Company	(41,469)	(11,503)
Non-controlling interests	<u>36,270</u>	<u>(1,803)</u>
	<u><u><b>(5,199)</b></u></u>	<u><u>(13,306)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019**

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>99,368</b>	98,029
Right-of-use assets		<b>70,051</b>	–
Prepaid lease payments		–	25,960
Intangible assets	<i>14</i>	<b>1,827,270</b>	–
Interests in associates	<i>15</i>	<b>325,586</b>	182,587
Financial assets at fair value through profit or loss		<b>511</b>	–
Deferred tax assets		<b>1,440</b>	–
Deposits paid in respect of right-of-use assets/ prepaid lease payments		<b>2,628</b>	3,095
		<u><b>2,326,854</b></u>	<u>309,671</u>
<b>Current assets</b>			
Prepaid lease payments		–	782
Inventories		<b>45,731</b>	45,277
Trade and other receivables	<i>16</i>	<b>555,882</b>	133,881
Tax recoverable		<b>23</b>	377
Restricted bank deposits	<i>17</i>	<b>424,285</b>	–
Bank balances and cash		<b>420,058</b>	180,246
		<u><b>1,445,979</b></u>	<u>360,563</u>
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	<b>801,288</b>	54,565
Lease liabilities		<b>9,250</b>	–
Borrowings	<i>19</i>	<b>50,234</b>	–
Promissory notes payable		<b>9,391</b>	–
Tax payable		<b>15,531</b>	1,689
		<u><b>885,694</b></u>	<u>56,254</u>
<b>Net current assets</b>		<u><b>560,285</b></u>	<u>304,309</u>
<b>Total assets less current liabilities</b>		<u><b>2,887,139</b></u>	<u>613,980</u>

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>369,032</b>	–
Borrowings	<i>19</i>	<b>500,000</b>	–
Lease liabilities		<b>20,252</b>	–
Contingent consideration payable		<b>205,846</b>	–
		<u><b>1,095,130</b></u>	<u>–</u>
<b>Net assets</b>		<u><b>1,792,009</b></u>	<u>613,980</u>
<b>Capital and reserves</b>			
Share capital	<i>20</i>	<b>6,631</b>	6,000
Reserves		<b>748,754</b>	595,650
		<u><b>755,385</b></u>	<u>601,650</u>
<b>Equity attributable to owners of the Company</b>		<u><b>1,036,624</b></u>	<u>12,330</u>
<b>Non-controlling interests</b>		<u><b>755,385</b></u>	<u>601,650</u>
<b>Total equity</b>		<u><b>1,792,009</b></u>	<u>613,980</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. GENERAL

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 Company changed its name from Manfield Chemical Holdings Limited (萬輝化工控股有限公司) to Pan Asia Data Holdings Inc. (聯洋智能控股有限公司) with effect from 19 November 2019.

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

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### 2.1 New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2.2 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

##### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People's Republic of China (the "PRC") was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.35% to 7.00%.

	<b>At 1 January 2019</b> <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 December 2018	10,454
Lease liabilities discounted at relevant incremental borrowing rates	8,535
Add: Extension option reasonably certain to be exercised	601
Lease liabilities as at 1 January 2019	9,136
Analysed for reporting purposes:	
Current portion	3,168
Non-current portion	5,968
	9,136

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	<b>At 1 January 2019</b>
	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	9,136
Reclassified from prepaid lease payments ( <i>Note</i> )	26,742
Lease prepayment at 1 January 2019	240
	<hr/>
	36,118
	<hr/> <hr/>
<b>By class:</b>	
Leasehold land	26,742
Leased properties	9,376
	<hr/>
	36,118
	<hr/> <hr/>

*Note:* Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK\$782,000 and approximately HK\$25,960,000 respectively were reclassified to right-of-use assets.

***As a lessor***

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. There is no material impact on the consolidated financial statement of the Group as at 1 January 2019.
- (c) Effective on 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.



The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts reported under HKFRS 16 at 1 January 2019 HK\$'000
<b>Non-current assets</b>			
Prepaid lease payments	25,960	(25,960)	–
Right-of-use assets	–	36,118	36,118
<b>Current assets</b>			
Prepaid lease payments	782	(782)	–
Trade and other receivables	133,881	(240)	133,641
<b>Current liabilities</b>			
Lease liabilities	–	(3,168)	(3,168)
<b>Non-current liabilities</b>			
Lease liabilities	–	(5,968)	(5,968)

*Note:* For the purpose of reporting cash flows from operating, investing and financing activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

### 2.3 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual period beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

### 4. REVENUE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Sale of goods</b>		
— Liquid coatings	404,120	403,206
— Powder coatings	30,905	23,140
	<u>435,025</u>	<u>426,346</u>
<b>Provision of third-party payment services</b>		
— Commission income	174,814	—
— Fintech enabling service income	117,579	—
— Others	3,281	—
	<u>295,674</u>	<u>—</u>
	<u>730,699</u>	<u>426,346</u>

The Group’s revenue recognition policies are disclosed as follows:

#### Sales of goods

The revenue of the Group from sale of goods is recognised at a point in time. Revenue from sales of coatings is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the goods, which also represented the point of time when goods delivered.

#### Provision of third-party payment services

The revenue of the Group from provision of third-party payment services is recognised at a point in time. For revenue from commission income for third-party payment services, the Group charges the payee a commission that is generally calculated as a percentage of the total transaction amount processed and the Group has right to decide the charging fee rate. Commission income are recognised as revenue on a gross basis as the Group is the principal in delivery of the managed payment solutions to the payees. The Group has concluded it is the principal because it controls the services before delivery to the payees, it is primarily responsible for the delivery of the services and has discretion in setting prices charged to payees. The Group also has the unilateral ability to accept or reject a transaction based on criteria established by the Group. The Group is also liable for the costs of processing the transactions for the payees, and records such costs within cost of sales.

Revenue from fintech enabling service income is generally recognised when customer acceptance has been obtained, which is at the point of time when the customer has the ability to direct the use of products or service and obtained substantially all of the remaining benefits of the goods or service, which also represented the point of time when good or service delivered.

## 5. OPERATING SEGMENTS

During the year ended 31 December 2018, the Group is principally engaged in manufacturing and trading of liquid coatings and powder coatings. The management of the Group, being the Group's chief operating decision maker ("CODM"), makes the decision on allocation of resources and assessment of performance based on geographical segments determined on the basis of location of customers.

During the year ended 31 December 2019, the Group commenced the business engaging in third-party payment services along with the acquisition of Mao Hong Information Technology Holding Limited ("Mao Hong") (as detailed in note 21). It is considered as a new operating and reportable segment by the CODM and resulted in changes to the composition of its reportable segments as follows:

Coatings — Manufacturing and trading of coatings

Third-party payment services — Provision of third-party payment services

Prior year segment disclosures have been represented to conform with the current year's presentation.

### Segment revenues and results

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

#### Year ended 31 December 2019

	Coatings <i>HK\$'000</i>	Third-party payment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>			
External revenue	<u>435,025</u>	<u>295,674</u>	<u>730,699</u>
<b>RESULTS</b>			
Segment profits	<u>40,864</u>	<u>95,544</u>	136,408
Interest income			7,066
Unallocated corporate income			7,229
Unallocated corporate expenses			(86,683)
Unallocated corporate other gains and losses			(11,549)
Finance costs			(16,702)
Share of results of associates			<u>3,733</u>
Profit before taxation			39,502
Income tax expense			<u>(8,400)</u>
Profit for the year			<u><u>31,102</u></u>

**Year ended 31 December 2018**

	Coatings <i>HK\$'000</i> (Re-presented)	Third-party payment services <i>HK\$'000</i> (Re-presented)	Total <i>HK\$'000</i> (Re-presented)
<b>REVENUE</b>			
External revenue	426,346	–	426,346
<b>RESULTS</b>			
Segment profits	36,642	–	36,642
Interest income			1,482
Unallocated corporate income			9,226
Unallocated corporate expenses			(45,353)
Unallocated corporate other gains and losses			(929)
Finance costs			(5)
Share of results of associates			8,397
Profit before taxation			9,460
Income tax expense			(2,092)
Profit for the year			7,368

Segment profits represent the results of each segment without allocation of corporate items, including interest income, management fee income and rental income from subsidiaries of an associate, net loss on disposal of property, plant and equipment and intangible assets, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets (2018: release of prepaid lease payments), amortisation of intangible assets, change in fair value of derivative financial instruments and contingent consideration payable, finance costs and share of results of associates. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.

## Segment assets and liabilities and other information

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

As at 31 December 2019

	Coatings <i>HK\$'000</i>	Third-party payment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	507,513	2,926,112	3,433,625
Interests in associates	183,167	142,419	325,586
Unallocated assets			13,622
			<u>3,772,833</u>
<b>LIABILITIES</b>			
Segment liabilities	577,650	764,155	1,341,805
Unallocated liabilities			639,019
			<u>1,980,824</u>
<b>OTHER INFORMATION</b>			
Additions to non-current assets ( <i>Note</i> )			
— Allocated	26,931	1,904,809	1,931,740
— Unallocated			4,772
			<u>1,936,512</u>
Depreciation and amortisation			
— Allocated	17,176	23,739	40,915
— Unallocated			603
			<u>41,518</u>
Impairment losses on trade and other receivables recognised in profit or loss	<u>1,146</u>	<u>2,526</u>	<u>3,672</u>

**As at 31 December 2018**

	Coatings <i>HK\$'000</i> (Re-presented)	Third-party payment services <i>HK\$'000</i> (Re-presented)	Total <i>HK\$'000</i> (Re-presented)
<b>ASSETS</b>			
Segment assets	406,037	–	406,037
Interests in associates	182,587	–	182,587
Unallocated assets			<u>81,610</u>
			<u><u>670,234</u></u>
<b>LIABILITIES</b>			
Segment liabilities	51,651	–	51,651
Unallocated liabilities			<u>4,603</u>
			<u><u>56,254</u></u>
<b>OTHER INFORMATION</b>			
Additions to non-current assets ( <i>Note</i> )	<u>10,849</u>	<u>–</u>	<u>10,849</u>
Depreciation and amortisation	<u>14,436</u>	<u>–</u>	<u>14,436</u>
Impairment losses on trade and other receivables recognised in profit or loss	<u>1,541</u>	<u>–</u>	<u>1,541</u>

Segment assets include all tangible and intangible non-current assets and current assets with the exception of financial assets at fair value through profit or loss, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payables, accruals and borrowings attributable to sales activities of each segment with the exception of corporate expense payables.

*Note:* Non-current assets excluded interests in associates, financial assets at fair value through profit or loss, deferred tax assets and deposits paid in respect of right-of-use assets/prepaid lease payments.

**Revenue from major customers**

During the year, the revenue from the major customer which contributed over 10% of total revenue of the Group is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A ( <i>Note</i> )	<u><u>140,573</u></u>	<u><u>117,189</u></u>

*Note:* Revenue from sales of coatings

## Geographical information

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

### 6. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Royalty fee income	9,783	6,230
Management fee income	7,195	7,517
Rental income	2,298	2,424
Transportation fee income	2,093	1,582
Interest income	7,066	1,482
	<u>28,435</u>	<u>19,235</u>

### 7. OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net loss on disposal of property, plant and equipment	(875)	(496)
Net loss on disposal of intangible assets	(643)	–
Net exchange gain/(loss)	494	(1,069)
Change in fair value of contingent consideration payable	(10,026)	–
Change in fair value of derivative financial instruments	–	(433)
Government grants ( <i>Note</i> )	2,682	1,518
Others	1,115	404
	<u>(7,253)</u>	<u>(76)</u>

*Note:* Mainly subsidies received from government authority for the support of the development of the Group's subsidiaries as new and high technology enterprise and contribution to local economic development. There is no specified condition attached to these subsidies.

### 8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Impairment losses recognised/(reversed) on:		
— Trade receivables	4,311	1,541
— Other receivables and deposits	(639)	–
	<u>3,672</u>	<u>1,541</u>

## 9. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank borrowing, overdrafts and other borrowing	6,604	5
Interest on lease liabilities	919	–
Imputed interest on promissory notes payable	9,179	–
	<u>16,702</u>	<u>5</u>

## 10. PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	2,580	1,380
Directors' emoluments		
– Fee	840	960
– Other emoluments	14,497	3,793
– Retirement benefit scheme contributions	20	375
	<u>15,357</u>	<u>5,128</u>
Other staff costs:		
– Salaries and other allowances	104,786	97,110
– Retirement benefit scheme contributions	10,557	7,911
	<u>130,700</u>	<u>110,149</u>
Total staff costs		
Depreciation of property, plant and equipment	14,960	14,436
Depreciation of right-of-use assets	7,239	–
Amortisation of intangible assets ( <i>Note 14</i> )	19,319	–
	<u>41,518</u>	<u>14,436</u>
Total depreciation and amortisation		
Cost of inventories recognised as an expense (included in cost of sales)	244,620	225,916
Release of prepaid lease payments	–	813
Donation	1,980	1,980
Minimum operating lease rentals in respect of rented premises	–	2,430
	<u>246,600</u>	<u>230,139</u>



## 11. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax:		
Current year	737	742
Over-provision in prior years	–	(250)
	<u>737</u>	<u>492</u>
PRC Enterprise Income Tax:		
Current year	14,107	1,642
Over-provision in prior years	(1,575)	(42)
	<u>12,532</u>	<u>1,600</u>
Deferred tax	<u>(4,869)</u>	–
Taxation charge	<u><u>8,400</u></u>	<u><u>2,092</u></u>

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands (the “BVI”) are exempted from profit tax under the tax laws of the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. Taiwan income tax is calculated at 17% on the assessable taxable profits of the Group’s Taiwan branch for both years. No provision for Taiwan income tax has been made as the Group has no assessable profit arising in Taiwan.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC in Enterprise Income tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the applicable tax rate for the Company’s subsidiaries registered in the PRC is 25% for both years, except 萬輝(廣州)高新材料有限公司 (Manfield (Guangzhou) Innovative Materials Limited\*) (“Manfield GZ”). Manfield GZ obtained the qualification as high and new technology enterprise at 10 October 2015, which is valid for three years, and the relevant application to competent tax authority is also filed. The qualification as high and new technology enterprise has been renewed for an additional three years on 28 November 2018. Hence, Manfield GZ is subject to the preferential tax treatment and the applicable tax rate for the year ended 31 December 2019 is 15% (2018: 15%).

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation	<b>39,502</b>	9,460
Less: Share of results of associates	<b>(3,733)</b>	(8,397)
	<b>35,769</b>	1,063
Taxation at Hong Kong Profits Tax rate of 16.5%	<b>5,902</b>	175
Tax effect of expenses not deductible for tax purpose	<b>7,443</b>	1,994
Tax effect of income not taxable for tax purpose	<b>(810)</b>	–
Tax effect of tax losses not recognised	<b>5,720</b>	1,411
Utilisation of tax losses previously not recognised	<b>(9,526)</b>	(384)
Effect of different tax rates of subsidiaries operating in the PRC	<b>3,384</b>	(480)
Effect of two-tiered tax rates in Hong Kong	<b>(165)</b>	(165)
Effect of income tax on concessionary rate in the PRC	<b>(78)</b>	(250)
Over-provision in prior years	<b>(1,575)</b>	(292)
Additional deduction for research and development expense	<b>(2,162)</b>	–
Others	<b>267</b>	83
Taxation charge for the year	<b>8,400</b>	2,092

## 12. DIVIDEND

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividends paid		
2019 Interim — Nil (2018: 2018 Interim — HK\$0.02 per share)	–	12,000
2018 Final — Nil (2018: 2017 Final — HK\$0.025 per share)	–	15,000
	–	27,000

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

## 13. (LOSS)/EARNINGS PER SHARE

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company	<b>(23,309)</b>	8,563

2019  
'000

2018  
'000

**Number of shares:**

Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share

621,043      600,000

No diluted (loss)/earnings per share have been presented as the Company does not have any potential ordinary shares outstanding for both years.

**14. INTANGIBLE ASSETS**

	Goodwill <i>HK\$'000</i>	Computer software <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Technology <i>HK\$'000</i>	Licenses <i>HK\$'000</i>	Distribution network <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>							
At 1 January 2018, 31 December 2018 and 1 January 2019	-	-	-	-	-	-	-
Additions	-	429	-	-	-	-	429
Acquisition of a subsidiary	338,250	14,997	194,773	102,273	1,002,841	220,455	1,873,589
Disposals	-	(1,260)	-	-	-	-	(1,260)
Exchange adjustments	-	(539)	(3,435)	(1,804)	(17,688)	(3,888)	(27,354)
At 31 December 2019	<u>338,250</u>	<u>13,627</u>	<u>191,338</u>	<u>100,469</u>	<u>985,153</u>	<u>216,567</u>	<u>1,845,404</u>
<b>Amortisation</b>							
At 1 January 2018, 31 December 2018 and 1 January 2019	-	-	-	-	-	-	-
Provided for the year ( <i>Note 10</i> )	-	1,581	-	8,537	-	9,201	19,319
Eliminated on disposals	-	(617)	-	-	-	-	(617)
Exchange adjustments	-	(227)	-	(165)	-	(176)	(568)
At 31 December 2019	<u>-</u>	<u>737</u>	<u>-</u>	<u>8,372</u>	<u>-</u>	<u>9,025</u>	<u>18,134</u>
<b>Carrying amount</b>							
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>338,250</u>	<u>12,890</u>	<u>191,338</u>	<u>92,097</u>	<u>985,153</u>	<u>207,542</u>	<u>1,827,270</u>

The above intangible assets other than goodwill, licenses and trademarks have finite useful lives. Such intangible assets are amortised on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

Technology	20%
Distribution network	10%
Computer software	9%–19%

The licenses and trademarks have a legal life of 5 years and 10 years but is renewable every 5 years and 10 years, respectively, at minimal cost. The Directors are of the opinion that the Group would renew the licenses and trademarks continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trend, and brand extension opportunities have been performed by management of the Group, which supports that the licenses and trademarks has no foreseeable limit to the period over which the licenses and trademarked products are expected to generate net cash flows for the Group.

As a result, licenses and trademarks are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The licenses and trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purposes of impairment testing, goodwill, licenses and trademarks with indefinite useful lives have been allocated to one individual cash generating units (“CGUs”), comprising one subsidiary in the third-party payment services segment. The carrying amounts of goodwill, licenses and trademarks (net of accumulated impairment losses) as at 31 December 2019 allocated to the unit are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Goodwill	338,250	–
Licenses	985,153	–
Trademarks	191,338	–
	<u>1,514,741</u>	<u>–</u>

The recoverable amounts of the groups of CGUs of the unit has been determined based on a value in use calculation. The value in use calculation was determined with reference to the valuation report prepared by an independent external professional qualified valuer. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15%. Cash flows beyond the 5-year period are extrapolated using 3% 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 value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit’s past performance and management’s expectations for the market development.

During the year ended 31 December 2019, management of the Group determines that there is no impairment on unit. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of unit to exceed the recoverable amount of unit.

## 15. INTERESTS IN ASSOCIATES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cost of investments in associates, unlisted	142,932	513
Accumulated share of post-acquisition profits and other comprehensive income, net of dividends received	182,654	182,074
	<u>325,586</u>	<u>182,587</u>
Share of results of associates during the year	<u>3,733</u>	<u>8,397</u>

As at 31 December 2019, the cost of investments in associates included goodwill of associates of approximately HK\$126,156,000 (2018: Nil).

Set out below are the associates of the Group as at 31 December 2019, which in the opinion of the Directors are material to the Group and principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest to the Group as at		Principal activities
				2019	2018	
CMW Holding Limited (“ <b>CMW Holding</b> ”)	Limited liability company	Hong Kong	HK\$500,000	45%	45%	Manufacturing and trading of coatings
Lian Yang Guo Rong Holdings Limited (“ <b>Lian Yang Guo Rong</b> ”) ( <i>Note</i> )	Limited liability company	Cayman Islands	US\$30,750	30.89%	–	Provision of information and data services

*Note:* On 10 September 2019, the Company entered into a share purchase and subscription agreement (the “**Lianyang Share Purchase and Subscription Agreement**”) with FHJL Investment Limited, An Chen New Technology Holding Ltd and Lian Yang Investment Limited (collectively, the “**Lianyang Vendors**”) and Lian Yang Guo Rong, the terms and conditions of the Lianyang Share Purchase and Subscription Agreement are as follows:

- (i) the Lianyang Vendors shall as beneficial owners sell, and the Company shall purchase, 3,750 shares of Lian Yang Guo Rong at consideration which shall be satisfied by the allotment and issue of 17,474,735 new ordinary shares by the Company to the Lianyang Vendors at the issue price of HK\$2.85 per share; and
- (ii) Lian Yang Guo Rong shall allot and issue, and the Company shall subscribe for 5,750 shares at the consideration of RMB69,000,000 (equivalent to approximately HK\$76,365,000), which shall be satisfied by the Company in cash. (collectively referred to as “**Lianyang Acquisition**”)

Upon completion of Lianyang Acquisition on 31 December 2019, the Company’s equity interest in Lian Yang Guo Rong was 30.89% and Lian Yang Guo Rong becomes an associate of the Company. On 31 December 2019, the fair value of 17,474,735 new ordinary shares issued by the Company was approximately HK\$66,054,000 by reference to the closing price of HK\$3.78 per share. Accordingly, the total consideration for Lianyang Acquisition was approximately HK\$142,419,000.

The arrangement of the above investments provided the Group with the power to participate in the financial and operating decision but was not in control nor jointly control over those policies. Under HKAS 28 Investments in Associates and Joint Ventures, these entities were classified as associates and had been accounted for in the consolidated financial statements using equity method for the years ended 31 December 2019 and 2018 respectively.

Summarised financial information in respect of each of the Group’s material associates is set out below. The summarised financial information below represents amounts shown in the associate’s consolidated financial statements prepared in accordance with HKFRSs.

(i) **CMW Holding**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current assets	<u>391,536</u>	<u>409,485</u>
Non-current assets	<u>136,359</u>	<u>118,243</u>
Current liabilities	<u>(105,837)</u>	<u>(109,415)</u>
Non-current liabilities	<u>(15,638)</u>	<u>(13,133)</u>
Net assets	<u>406,420</u>	<u>405,180</u>

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<u>619,700</u>	<u>620,122</u>
Profit for the year	<u>8,237</u>	<u>18,670</u>
Other comprehensive expense for the year	<u>(6,995)</u>	<u>(16,911)</u>
Total comprehensive income for the year	<u>1,242</u>	<u>1,759</u>
The Group's share of results of an associate for the year	<u>3,707</u>	<u>8,401</u>
The Group's share of other comprehensive expense for the year	<u>(3,148)</u>	<u>(7,610)</u>
Dividends paid to the Group	<u>–</u>	<u>9,000</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in CMW Holding recognised in the consolidated financial statements:

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net assets of CMW Holding	<u>406,420</u>	<u>405,180</u>
Proportion of the Group's ownership interest in CMW Holding	<u>45%</u>	<u>45%</u>
Carrying amount of the Group's interest in CMW Holding	<u>182,890</u>	<u>182,331</u>

(ii) **Lian Yang Guo Rong**

	<b>As at 31 December 2019 HK\$'000</b>
Current assets	<u>77,859</u>
Non-current assets	<u>2,011</u>
Current liabilities	<u>(27,223)</u>
Net assets	<u>52,647</u>
	<b>For the year ended 31 December 2019 HK\$'000</b>
Revenue	<u>-</u>
Loss for the year	<u>(1,135)</u>
Other comprehensive income for the year	<u>79</u>
Total comprehensive expense for the year	<u>(1,056)</u>
The Group's share of results of an associate for the year	<u>-</u>
The Group's share of other comprehensive income for the year	<u>-</u>
Dividends paid to the Group	<u>-</u>
Reconciliation of the above summarised financial information to the carrying amount of the interest in Lian Yang Guo Rong recognised in the consolidated financial statements:	
	<b>As at 31 December 2019 HK\$'000</b>
Net assets of Lian Yang Guo Rong	<u>52,647</u>
Proportion of the Group's ownership interest in Lian Yang Guo Rong	<u>30.89%</u>
Group's share of net assets of Lian Yang Guo Rong	<u>16,263</u>
Goodwill	<u>126,156</u>
Carrying amount of the Group's interest in Lian Yang Guo Rong	<u>142,419</u>

(iii) Aggregate information of associates that are not individually material:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The Group's share of results of associates for the year	<u>26</u>	<u>(4)</u>
The Group's share of other comprehensive expenses for the year	<u>(5)</u>	<u>(13)</u>
Aggregate carrying amount of the Group's interests in these associates	<u>277</u>	<u>256</u>

16. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	192,490	124,869
Bills receivables	14,977	5,878
Less: Impairment losses on trade receivables	<u>(6,274)</u>	<u>(3,559)</u>
Total trade and bills receivables	201,193	127,188
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	31,324	—
— Receivable from the clearing houses for third-party payment services	299,382	—
— Other receivables and prepayments	<u>23,983</u>	<u>6,693</u>
Total trade and other receivables	<u>555,882</u>	<u>133,881</u>

Trade and bills receivables are due within 180 days from the date of billing. The following is an aging analysis of trade and bills receivables net of impairment losses presented based on the invoice date at the end of the reporting period.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	109,220	44,518
31–60 days	25,603	26,351
61–90 days	24,878	25,402
Over 90 days	<u>41,492</u>	<u>30,917</u>
	<u>201,193</u>	<u>127,188</u>

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$67,215,000 (2018: HK\$62,395,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$8,358,000 (2018: HK\$9,169,000) 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 does not hold any collateral over these balances.



As at 31 December 2019, included in trade receivables, there were trade receivables due from subsidiaries of an associate and a subsidiary of a non-controlling shareholder of approximately HK\$18,714,000 (2018: HK\$19,882,000) and approximately HK\$2,642,000 (2018: HK\$6,025,000) respectively.

As at 31 December 2019, included in other receivables, there were amounts due from a subsidiary of an associate and an associate of approximately HK\$2,830,000 (2018: HK\$2,852,000) and approximately HK\$1,605,000 (2018: HK\$507,000) respectively. These amounts are unsecured, interest-free and repayable on demand.

## 17. RESTRICTED BANK DEPOSITS

Restricted bank deposits comprises:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Maintained for the purpose of settlements of outstanding payable to merchants when the third-party payment accounts' holders make purchase transactions with respective merchants ( <i>Note</i> )	409,167	–
Maintained for merchants as performance guarantee deposits	12,090	–
Maintained as reserve deposits to secure the Group's use of online business to business payment platforms provided by the banks	1,905	–
Maintained as reserve deposits to the general risk reserve funds as governed by the PRC government	1,123	–
	<u>424,285</u>	<u>–</u>

*Note:* These restricted deposits are maintained to fulfil the requirements as per announcement of the People's Bank of China (No. 6 2013) "Measures for the Custody of Clients' Reserves of Payment Institutions" (the "**Announcement**"). As set out in the Announcement, reserves received from the third-party payment accounts' holders by the Group must be deposited in the special-purpose deposit account as reserve at a reserves bank. The reserve can only be used for payments entrusted by third-party payment accounts' holders. Without approval by the third-party payment accounts' holders, the Group cannot appropriate the reserve for similar purposes or for other purposes, lend the reserve, or use them to provide guarantee for others.

## 18. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	49,254	28,366
Bills payables	1,692	–
	<hr/>	<hr/>
Total trade and bills payables	50,946	28,366
Accrued staff cost	14,498	12,656
Payables to merchants	406,045	–
Unutilised float funds ( <i>Note</i> )	247,857	–
Other payables and accruals	81,942	13,543
	<hr/>	<hr/>
	<b>801,288</b>	<b>54,565</b>
	<hr/> <hr/>	<hr/> <hr/>

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

The credit period on purchases of goods and service provided from suppliers is 30 to 180 days (2018: 30 to 90 days). The following is an aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	33,993	22,237
31–60 days	7,158	3,962
61–90 days	1,560	848
Over 90 days	8,235	1,319
	<hr/>	<hr/>
	<b>50,946</b>	<b>28,366</b>
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2019, included in trade payables, there were trade payables due to a subsidiary of an associate of approximately HK\$335,000 (2018: Nil).

As at 31 December 2019, included in other payables, there were amount due to an associate of approximately HK\$45,364,000 (2018: Nil). The amount is unsecured, interest-free and repayable on demand.

## 19. BORROWINGS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Secured		
— Bank borrowing ( <i>Note (i)</i> )	50,234	—
— Other borrowing ( <i>Note (ii)</i> )	500,000	—
	<u>550,234</u>	<u>—</u>
Less: Amount due for settlement with 12 months shown under current liabilities	(50,234)	—
	<u>500,000</u>	<u>—</u>
Amount due for settlement after one year shown under non-current liabilities	<u>500,000</u>	<u>—</u>

### Notes:

- (i) As at 31 December 2019, the Group had variable-rate bank borrowing of RMB45,000,000 (equivalent to approximately HK\$50,234,000), which was denominated in RMB and carried interest rate of 136.85% of base lending rate stipulated by People's Bank of China. The bank borrowing was secured by the personal guarantees and legal charges on properties held by non-controlling shareholder of the Company's subsidiary and the equity interest of a non-wholly-owned subsidiary of the Company.
- (ii) On 26 November 2019, the Group entered into loan agreement with independent third party (the "Lender") pursuant to which the Lender agreed to lend to the Group a fixed rate other borrowing and carried interest rate of 7% in the principal amount of HK\$500,000,000 repayable on 28 November 2021. The other borrowing was secured by the equity interest of a wholly-owned subsidiary of the Company.

The exposure of the bank and other borrowings and the contractual maturity dates are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within one year	50,234	—
Within a period of more than one year but not exceeding two years	500,000	—
	<u>550,234</u>	<u>—</u>

## 20. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised share capital:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>10,000,000,000</u>	<u>100,000</u>
Issued share capital:		
At 1 January 2018, 31 December 2018 and 1 January 2019	600,000,000	6,000
Issue of shares under subscription agreements ( <i>Note (i)</i> )	45,614,035	456
Issue of shares for acquisition of an associate ( <i>Note (ii)</i> )	<u>17,474,735</u>	<u>175</u>
At 31 December 2019	<u>663,088,770</u>	<u>6,631</u>

### Notes:

- (i) On 17 July 2019, the Company issued 45,614,035 new ordinary shares of HK\$0.01 each at the issue price of HK\$2.85 per share under subscription agreements dated 25 June 2019 and the gross proceeds from such issues amounted to HK\$130,000,000. After deducting the professional expense, amount of approximately HK\$128,694,000 in excess of par value were credited to share premium.
- (ii) On 31 December 2019, the Company issued 17,474,735 new ordinary shares of HK\$0.01 each, as consideration for the acquisition of an associate. The closing market price of the Company's shares as at 31 December 2019 as quoted on the Stock Exchange was HK\$3.78. After deducting the professional expense, amount of approximately HK\$65,879,000 in excess of par value were credited to share premium. Details are set out in note 15 to the consolidated financial statements.

## 21. ACQUISITION OF A SUBSIDIARY

On 2 March 2019, the Group as purchaser, Mao Hong Holding Limited (the “**Maohong Vendor**”) and two guarantors (Mr. Chen Liang and Ms. Chen Zi Jun) entered into sale and purchase agreement pursuant to which the Group shall purchase 51% of the equity interest in Mao Hong for consideration of approximately HK\$746,632,000 (the “**Maohong Acquisition**”).

The consideration shall be paid by the Group to the Maohong Vendor as follows:

- (i) HK\$20,000,000 in cash as deposit;
- (ii) HK\$540,000,000 by the issuance of the first promissory note (the “**First Promissory Note**”); and
- (iii) the remaining consideration payable by the Group to the Maohong Vendor shall be calculated in accordance with the formula of 2019 audited consolidated net profits after tax but before any minority interests and extraordinary or exceptional items of Mao Hong x 24 x 56.82% x 51% – HK\$560,000,000 which shall not exceed HK\$230,000,000 and shall be paid by way of the issue of the second promissory note by the Group to the Maohong Vendor (the “**Second Promissory Note**”).

On 9 August 2019, the Maohong Acquisition was completed and this acquisition has been accounted for using the acquisition method.

Mao Hong and its subsidiaries are principally engaged in the provision of third-party payment services.

Fair value of net assets acquired in the Maohong Acquisition, and the goodwill arising, are as follows:

	<b>2019</b> <b>Fair value</b> <b>HK\$'000</b>
Net assets acquired:	
Property, plant and equipment	9,377
Right-of-use assets	20,370
Intangible assets	1,535,339
Financial assets at fair value through profit or loss	520
Deferred tax assets	1,024
Inventories	225
Trade and other receivables	472,105
Restricted bank deposits	432,109
Bank balance and cash	39,854
Trade and other payables	(658,037)
Borrowings	(52,557)
Lease liabilities	(21,201)
Tax payable	(2,637)
Deferred tax liabilities	(380,085)
	<hr/>
Net assets	1,396,406
Non-controlling interests	(988,024)
Goodwill ( <i>Note 14</i> )	338,250
	<hr/>
Total consideration	<b>746,632</b>
	<hr/> <hr/>
	<b>2019</b> <b>Fair value</b> <b>HK\$'000</b>
Total consideration satisfied by:	
Cash	20,000
First Promissory Note — promissory notes payable	530,812
Second Promissory Note — contingent consideration payable ( <i>Note</i> )	195,820
	<hr/>
	<b>746,632</b>
	<hr/> <hr/>

*Note:* The fair value of the Second Promissory Note is measured by discounting the total contractual undiscounted cash outflows of approximately HK\$222,169,000, being the aggregate of the principal of approximately HK\$216,750,000 and the accrued interest thereon of approximately HK\$5,419,000, at the discount rate of 4.74% as determined by the Directors with reference to valuation carried out by an independent external professional qualified valuer, as if it is to be paid on in March 2022, being 2 years after the date of issue of the Second Promissory Note.

As at 31 December 2019, the fair value of contingent consideration payable was changed to approximately HK\$205,846,000.

	<b>2019</b> <b>Fair value</b> <b>HK\$'000</b>
Net cash inflow arising on acquisition:	
Cash consideration paid	<b>(20,000)</b>
Cash and cash equivalents acquired	<b>39,854</b>
	<hr/>
	<b>19,854</b>
	<hr/> <hr/>

Goodwill arose in the Maohong Acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Mao Hong. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the revenue and profit for the year ended 31 December 2019 are approximately HK\$295,674,000 (2018: Nil) and approximately HK\$80,281,000 (2018: Nil) respectively attributable to the additional business generated by Mao Hong.

Had the acquisition been completed on 1 January 2019, revenue and profit for the year would have been approximately HK\$656,456,000 and approximately HK\$111,742,000 respectively attributable to additional business generated by Mao Hong and, resulting in revenue and profit for the year of the Group would have been approximately HK\$1,091,481,000 and approximately HK\$62,563,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future results.

## **22. SUBSEQUENT EVENT**

Due to the outbreak of the novel coronavirus (“**COVID-19**”) epidemic since January 2020, the Group’s operational and financial performance are expected to be affected by the epidemic in 2020. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment is still in progress.

## **RESULTS AND FINANCIAL OVERVIEW**

The Group had a consolidated revenue of approximately HK\$730,699,000 (2018: HK\$426,346,000) for the year ended 31 December 2019. This represented an increase of approximately 71.4% compared with that for the previous year mainly due to the new business segment of third-party payment services, commenced in 2019.

The Group generated revenue from manufacturing and trading of coatings of approximately HK\$435,025,000 (2018: HK\$426,346,000) and provision of third-party payment services of approximately HK\$295,674,000 (2018: Nil) for the year ended 31 December 2019.

Loss attributable to owners of the Company for the year ended 31 December 2019 amounted to approximately HK\$23,309,000 (2018: profit attributable to owners of the Company of approximately HK\$8,563,000), mainly attributable to (i) the substantial decrease in the share of profits of an associate of the Company due to the decline in its mobile phone coating business; (ii) the increase in expenses caused by the restructuring and streamlining of manpower of the Group in the first quarter of the year; (iii) the increase in corporate expenses and (iv) loss on fair value change of contingent consideration payable.

Loss per share for the year ended 31 December 2019 was approximately HK3.8 cents (2018: earnings per share of approximately HK1.4 cents).

The Group's net asset value per share attributable to owners of the Company as at 31 December 2019 was approximately HK\$1.1 (2018: HK\$1.0).

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**Annual General Meeting**”) is scheduled to be held on Friday, 19 June 2020. For determining eligibility to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, 16 June 2020 to Friday, 19 June 2020, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Monday, 15 June 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

2019 was a year filled with changes and opportunities for the Group. In November 2018, Timenew Limited became the controlling shareholder and ultimate holding company of the Company, bringing on board new directors with their respective expertise and vision as well as other possible business collaboration opportunities in the new economy. The Group has been expanding in the new economy section and achieved a good performance in the extension of businesses. During the year ended 31 December 2019, the Company completed the acquisition of a (i) third-party payment services business and (ii) information and data services business.

#### Acquisition of Third-Party Payment Services Business

On 2 March 2019, a wholly-owned subsidiary of the Company as purchaser, Maohong Vendor and Mr. Chen Liang and Ms. Chen Zi Jun (collectively, the “**Maohong Guarantors**”) entered into a sale and purchase agreement (the “**Maohong Sale and Purchase Agreement**”), pursuant to which, subject to and upon the terms and conditions of the Maohong Sale and Purchase Agreement, the Group agreed to purchase 51% of the issued share capital (the “**Maohong Sale Shares**”) of Mao Hong free from all encumbrances with effect from the completion of the sale and purchase of the Maohong Sale Shares. Details of the Maohong Acquisition were disclosed in the Company’s announcement dated 4 March 2019 and the Company’s circular dated 18 April 2019.

Mao Hong and its subsidiaries is 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 Maohong Acquisition was completed on 9 August 2019. The financial results of Mao Hong and its subsidiaries have been consolidated in the consolidated financial statements of the Group since 9 August 2019. The Third-Party Payment Services Segment contributed revenue of approximately HK\$295,674,000 (2018: Nil) and segment profit of approximately HK\$95,544,000 (2018: Nil) to the Group.



## Acquisition of Information and Data Services Business

On 10 September 2019, the Company as purchaser, Lian Yang Guo Rong, 聯洋國融(北京)科技有限公司 (Lian Yang Guo Rong (Beijing) Science and Technology Co., Ltd.\*) (“**Lianyang OPCO**”), Lianyang Vendors and 北京富海金瀾諮詢有限公司 (Beijing Fu Hai Jin Lan Consulting Co., Ltd.\*), 上海百派數字科技合夥企業(有限合夥) (Shanghai Bai Pai Digital Science and Technology LLP\*), 上海安臣投資管理有限公司 (Shanghai An Cheng Investment Management Co., Ltd\*), 上海普恩網絡科技合夥企業(有限合夥) (Shanghai Pu En Network Science and Technology LLP\*) and 上海予暘網絡科技有限公司 (Shanghai Yu Yang Network Science and Technology Co., Ltd\*) (collectively, the “**Lianyang Guarantors**”) entered into the Lianyang Share Purchase and Subscription Agreement, pursuant to which, subject to and upon the terms and conditions of the Lianyang Share Purchase and Subscription Agreement, (i) the Lianyang Vendors agreed as beneficial owner to sell, and the Company agreed to purchase, 3,750 shares of Lian Yang Guo Rong (the “**Lianyang Sale Shares**”) free from all encumbrances with effect from the completion date of the sale and purchase of the Lianyang Sale Shares (the “**Lianyang Completion**”), at the consideration of RMB45.0 million (equivalent to approximately HK\$49.8 million), to be satisfied by the allotment and issue of consideration shares by the Company to the Lianyang Vendors at the issue price of HK\$2.85 per consideration share; and (ii) Lian Yang Guo Rong agreed to allot and issue and the Company agreed to subscribe for, 5,750 shares of Lian Yang Guo Rong free from all Encumbrances with effect from the Lianyang Completion, at the subscription price of RMB69.0 million (equivalent to approximately HK\$76.4 million), which will be satisfied by the Company in cash. Details of the Lianyang Acquisition were disclosed in the Company’s announcements dated 10 September 2019 and 28 October 2019.

Lianyang OPCO is principally engaged in the development of big data mining, modelling and analysis in general, and the provision of digital risk management services in retail financial services in particular, since its establishment in September 2018. Lianyang OPCO was initiated by 中國信息通信研究院 (China Academy of Information and Communications Technology\*), a research institute directly under the Ministry of Industry and Information Technology of the PRC, which is instrumental in the development of key strategies, plans, policies and standards and test and certification in the information and communications technology industry in the PRC. Its investment vehicle 泰爾信通(北京)投資管理中心 (Taier Information and Communications (Beijing) Investment Management Center\*) is one of the founding shareholders of Lianyang OPCO.

Lianyang OPCO derives massive data sources from a number of cooperative agencies (including but not limited to 國家計算機網絡應急技術處理協調中心科技成果轉化中心 (the Scientific Results Conversion Center of National Computer Network Emergency Response Technical Team/Coordination Center\*) (the “**Results Conversion Center**”). Currently, Lianyang OPCO has entered into a five-year scientific results conversion agreement with the Results Conversion Center in order to obtain the legitimate authorisation to use the canonical data of the Results Conversion Center. The agreement came into force in July 2019 and is renewable upon expiration. The Results Conversion Center was established by 國家計算機網絡應急技術處理協調中心 (The National Computer Network Emergency Response Technical Team/Coordination Center of China\*), which is a national-level cybersecurity technical center and the key coordination team for China’s cybersecurity emergency response community. Armed with unique fintech monitoring and basic technologies and 20 technological patents, the Results Conversion Center operates an authoritative technological platform in China. The Joint Laboratory of Financial and Scientific Results Conversion was jointly established by Lianyang OPCO and the Results Conversion Center to combine the achievements and resources from the fintech monitoring of the Results Conversion Center with the commercial applications of Lianyang OPCO, thus jointly developing market-oriented products and services. Lianyang OPCO also owns seven computing software copyrights, including for the development of cloud based platform for big data and risk management in retail financial services.

The Lianyang Acquisition was completed on 31 December 2019 and is classified as “interest in associates” and Lian Yang Guo Rong is accounted for using the equity method of accounting in the consolidated financial statements of the Group.

### **Coatings Business**

The coating business of the Group remained stable during the year ended 31 December 2019, which contributed revenue of approximately HK\$435,025,000 (2018: HK\$426,346,000) to the Group. This represented an increase of approximately 2.0% compared with that for the previous year. The segment profit was approximately HK\$40,864,000 (2018: HK\$36,642,000) for the year ended 31 December 2019.

The increase in gross profit from coating business for the year ended 31 December 2019 was outweighed by the decrease in share of profit of CMW Holding, an associate company for the year. CMW Holding experienced a drop of non-stick business, impact from Sino-US trade friction, labour cost as well as raw materials cost uprise for the year.

To mitigate the adverse effects from the Sino-US trade friction which elevated the impact to marketing condition, the Company launched price reductions for certain products, and reinforced customer service and technical support to enhance the market competitiveness. The efforts resulted in a slight increase in sales turnover. New product of thermochromic paint had satisfactory result in 2019. The Company will focus on developing new products with an aim to enhance larger market share.

As the crude oil price fluctuated, prices of resin and solvent increased, and prices of other raw materials used by the Group, rose considerably. The situation was further adversely affected by the persistent rise of labour costs in the PRC and an increase in expenses was caused by the restructuring and streamlining of manpower of the Group during the year. With much efforts, the Company maintained the ratio of the raw material costs to revenue in line with those of the 2018.

Pursuant to the land use rights transfer agreement entered into between Zengcheng Fuheyuan Nongzhuang Limited (增城市福和園農莊有限公司\*) (“**Zengcheng Ltd.**”) (a connected person of the Company) and Springfield Chemical (Guangzhou) Company Limited (廣州源輝化工有限公司\*) (“**Springfield**”) on 10 September 2012 (as supplemented by various supplemental agreements) (as disclosed in the section headed “Connected Transactions” in the prospectus dated 17 November 2015 and the announcements dated 5 December 2018 and 31 December 2019 issued by the Company), Zengcheng Ltd. agreed to transfer to Springfield the land use rights of a property, 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**”) (the “**Land Acquisition**”). 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 ceased. Further, additional time is required for complying with various registration and approval procedures required for the Land Acquisition in relation to Parcel 1.

In view of the uncertainties created by 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 the Company 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 from the placing and public offer of the Company’s shares in December 2015 (the “**Listing**”) 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.

## **Overall Performance**

For the year ended 31 December 2019, the gross profit and gross profit margin of the Group increased to approximately HK\$207,784,000 (2018: HK\$85,341,000) and approximately 28.4% (2018: 20.0%) respectively mainly due to the new business segment of third-party payment services, in 2019, which has a higher gross profit margin than the business segment of coatings.

The increase in gross profit for the year ended 31 December 2019 was outweighed by (i) the substantial decrease in the share of profits of an associate of the Company due to the decline in its mobile phone coating business; (ii) the increase in expenses caused by the restructuring and streamlining of manpower of the Group in the first quarter of the year, (iii) the increase in corporate expenses and (iv) loss on fair value change of contingent consideration payable and thus the overall performance of the Group deteriorated.

Administrative expenses of the Group increased to approximately HK\$119,519,000 (2018: HK\$63,300,000) for the year ended 31 December 2019. The increase was mainly attributable to (i) an increase in total staff costs of approximately HK\$20,551,000 due to an increase in head count of the Group from the new business segment of third-party payment services in 2019; and (ii) an increase in legal and professional expenses of approximately HK\$9,874,000 mainly due to more acquisition activities occurred during the year.

Both distribution and selling expenses and finance costs of the Group increased to approximately HK\$53,304,000 (2018: HK\$38,591,000) and approximately HK\$16,702,000 (2018: HK\$5,000), respectively, mainly due to the consolidation of the financial results from the new business segment of third-party payment services in 2019.

## **Others**

Although the arbitration application to Shanghai International Economic and Trade Arbitration Commission in relation to the intended exercise of its right to dispose of 40% equity interest in Manfield Teknos (Changzhou) Chemical Company Limited is still in process, such arbitration has no significant impact on the Group's operation, financial position and solvency and the operations of the Group remain unaffected by it.

On 25 June 2019, the Company entered into subscription agreements with not less than six subscribers pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue a total of 45,614,035 new ordinary shares at a price of HK\$2.85 per subscription share. On 17 July 2019, an aggregate of 45,614,035 shares were allotted and issued by the Company to the subscribers, being independent third parties to the Group, at the subscription price of HK\$2.85 per share. The net subscription price was approximately HK\$2.84 per share. The closing price of the Company's share on 25 June 2019 was HK\$2.89 per share. The gross proceeds raised were approximately HK\$130.0 million, and the net proceeds, after deduction of all relevant expenses, were approximately HK\$129.2 million, which are intended to be used for the Group's development of new business and general working capital purposes. During the year ended 31 December 2019, the net proceeds from the share subscription have been fully utilised for the Group's development of new business and general working capital purposes. Details of the completion of subscription of new shares under general mandate were disclosed in the Company's announcement dated 17 July 2019.

## USE OF NET PROCEEDS FROM LISTING

Following the listing of its shares, the Company received net proceeds of approximately HK\$119.9 million from the Listing after the deduction of underwriting commissions and all related expenses. 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 31 December 2019 are set out as follows:

Use	Original allocation <i>HK\$ million</i>	Revised allocation <i>HK\$ million</i>	Utilisation as at 31 December 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	8.4	24.7
Purchase of additional machinery and equipment	12.0	12.0	12.0	–
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>48.7</u>	<u>71.2</u>

Saved as disclosed above, the Directors are not aware of any material change to the planned use of the proceeds as at the date of this announcement.



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

As at 31 December 2019, the Group's non-current assets of approximately HK\$2,326,854,000 (2018: HK\$309,671,000) consisted of property, plant and equipment of approximately HK\$99,368,000 (2018: HK\$98,029,000), right-of-use assets of approximately HK\$70,051,000 (2018: Nil), prepaid lease payments of nil (2018: HK\$25,960,000), intangible assets of approximately HK\$1,827,270,000 (2018: Nil), interests in associates of HK\$325,586,000 (2018: HK\$182,587,000), financial assets at fair value through profit or loss of approximately HK\$511,000 (2018: Nil), deferred tax assets of approximately HK\$1,440,000 (2018: Nil) and deposits paid in respect of right-of-use assets/prepaid lease payments of approximately HK\$2,628,000 (2018: HK\$3,095,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 31 December 2019, the Group's net current assets amounted to approximately HK\$560,285,000 (2018: HK\$304,309,000).

As at 31 December 2019, the Group had total indebtedness of approximately HK\$589,127,000 (2018: Nil) which comprised borrowings, promissory notes payable and lease liabilities of approximately HK\$550,234,000, HK\$9,391,000 and HK\$29,502,000, respectively. The increase in the Group's borrowings and promissory notes payable were mainly due to an increase in the Group's investments in third-party payment business which led to an increase in borrowings and promissory notes payable to finance such investments.

All the borrowings of the Group, except for an equivalent amount of approximately HK\$50,234,000 which was denominated in Renminbi, were denominated in Hong Kong dollars. As at 31 December 2019, other borrowing of HK\$500,000,000 and bank borrowing of approximately HK\$50,234,000 bear fixed interest rates and floating interest rates, respectively. The promissory notes payable bears interest from 0.25% to 1.25% per annum and was denominated in Hong Kong dollars. Interest rates for all leases are fixed on the contract dates.

As at 31 December 2019, out of the total borrowings, approximately HK\$50,234,000 was repayable within one year and HK\$500,000,000 was repayable after one year. For details, please refer to note 19 to the consolidated financial statements in this announcement. As at 31 December 2019, the outstanding principal amount of the promissory notes was HK\$9,400,000, which has been early redeemed by the Group as at the date of this announcement.

As at 31 December 2019, the gearing ratio of the Group was approximately 32.9% (2018: Nil), calculated by dividing total debts (of which debt represents the sum of borrowings, promissory notes payable and lease liabilities) by total equity multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, by total equity) of the Group was not applicable as at 31 December 2019 and 2018 due to net cash. The current ratio, calculated by dividing current assets by current liabilities, as at 31 December 2019 was approximately 1.6 times (2018: approximately 6.4 times).

As at 31 December 2019, save as disclosed in note 19 to the consolidated financial statements in this announcement, the Group did not have any assets under charge/pledge. As at 31 December 2018, the Group's owned properties situated in Hong Kong amounting to approximately HK\$1,508,000 were pledged to a bank for general banking facilities granted to the Group.

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 will closely monitor its foreign exchange exposure and will consider hedging significant currency exposure should the need arises.

As at 31 December 2019, the Group had capital commitment contracted for but not provided — acquisition of property, plant and equipment of approximately HK\$11,048,000 (2018: HK\$7,812,000) and other commitment contracted for but not provided — proposed purchase of land of approximately HK\$6,556,000 (2018: HK\$8,345,000).

As at 31 December 2019, the Group did not have any material contingent liabilities.

## **MATERIAL ACQUISITIONS AND DISPOSAL**

Save as disclosed in this announcement, the Group did not have any other significant investments, other material acquisition or disposal during the year ended 31 December 2019 and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 769 employees as at 31 December 2019 (2018: 641). The Group seeks to ensure that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

## **PROSPECTS AND STRATEGIES**

It is expected that raw material and labour costs will remain high in 2020. Further compounding the situation is the possibility that the Sino-US trade friction may elevate, plus the extreme effect of the COVID-19 throughout the world. As many countries are having serious outbreaks of the virus, normal and business activities are suspended. The coming year will be a tough year.

In response to the uncertain market situation and unstable global environment, the Company will continue to focus on strict control of operating costs and maintain normal production and operation. In the meantime, the Group will explore new business opportunities by setting up a manufacturing plant in Vietnam to produce industrial coatings to supply the Vietnam and international market to counter the challenges we are facing.

### **Exploring Business Opportunities in New Economy Industry**

The Company intends to continue the existing principal businesses of the Group and maintain the operational employees of the Group. Leveraging on the experience of Dr. Li Zhong Yuan, the Chairman of the Company, in the new economy sector, which includes but not limited to financial services, digital applications for retail and quasi-retail in general, and fintech in particular, the Company will explore possible business opportunities in the new economy industry for the Group.

Referring to the announcement dated on 4 March 2019 and the circular dated on 18 April 2019 in relation to the Maohong Acquisition of third-party payment services business, the Company has completed the Maohong Acquisition on 9 August 2019.

Referring to the announcements dated on 10 September 2019 and 28 October 2019 in relation to the Lianyang Acquisition of information and data services business, the Company has completed the Lianyang Acquisition on 31 December 2019. Lianyang OPCO is a company incorporated in the PRC with limited liability and is principally engaged in the development of big data mining, modelling and analysis in general, and the provision of digital risk management services in retail financial services. Lianyang OPCO has secured compliant access to and use of the canonical data source of an authoritative national institution granted by its transformation center of scientific and technological achievements. The Directors consider the Lianyang Acquisition a valuable opportunity to participate in big data based risk management services in retail financial services business, and is in the interests of the Company and the shareholders of the Company as a whole.

In order to bring better return to our shareholders, we will continue to conduct regular reviews on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Company may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Company has been reviewing, and in preliminary discussion and negotiations with multiple entities and different parties in the new economy sector to explore, possible collaboration opportunities. In the event that any such opportunities materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules.

## **CHANGE OF COMPANY NAME**

By a special resolution passed on 12 November 2019, the English name of the Company was changed from Manfield Chemical Holdings Limited to Pan Asia Data Holdings Inc. and the dual foreign name in Chinese of the Company was changed from 萬輝化工控股有限公司 to 聯洋智能控股有限公司 with effect from 19 November 2019.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

On 17 July 2019, an aggregate of 45,614,035 new ordinary shares have been allotted and issued by the Company to the subscribers, being third parties independent of the Group, at the subscription price of HK\$2.85 per share. The gross proceeds raised are approximately HK\$130 million, and the net proceeds, after deduction of all relevant expenses, are approximately HK\$129.2 million, which are intended to be used for the Group's development of new business and general working capital purposes.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2019.



## **CORPORATE GOVERNANCE PRACTICES**

The Board of the Company believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. Accordingly, the Company has adopted various measures to ensure that a high standard of corporate governance is maintained.

Throughout the year ended 31 December 2019, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as listed out in Appendix 14 of the Listing Rules. The current practices will be reviewed and continuously updated.

To the best knowledge of the Board, throughout the year ended 31 December 2019, the Company had complied with all the code provisions set out in the CG Code, save for the code provision A.2.1 of the CG Code as described below.

### **CG CODE A.2.1**

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Yuen Shu Wah and Mr. Ko Jack Lum as the Chairman and Chief Executive Officer respectively on 31 December 2018, the Company does not have any officer with the title of “chief executive officer”. Dr. Li Zhong Yuan has been appointed as the Chairman of the Board on 31 December 2018 and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board's affairs and promoting a culture of openness and debate. The daily operation and management of the Company is monitored by the Executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is struck by the openness and cooperation spirit of the senior management and the Board, which comprises experienced and high-calibre individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group. The structure is supported by the Company's well-established corporate governance structure and internal control policies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstance arise.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the “**Model Code**”). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made to the Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

## **AUDIT COMMITTEE REVIEW**

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2019.

## **SCOPE OF WORK OF MESSRS. BAKER TILLY HONG KONG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, Messrs. Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Baker Tilly Hong Kong Limited on this announcement.

By Order of the Board  
**Pan Asia Data Holdings Inc.**  
**Li Zhong Yuan**  
*Chairman*

Hong Kong, 31 March 2020

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

*Executive Directors:*

Dr. Li Zhong Yuan  
Ms. Liu Rong Rong

*Non-executive Director:*

Ms. Zuo Yi

*Independent non-executive Directors:*

Mr. Li Gong  
Mr. Wang Jianping  
Dr. Shi Ping

\* English translated name is for identification purpose only