

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RESPECT OF
THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP
IN RELATION TO THE POSSIBLE ACQUISITION OF CONTROL OF
LIAN YANG GUO RONG HOLDINGS LIMITED**

Reference is made to the announcements of the Company dated (i) 11 February 2021 in relation to the possible acquisition of control of Lian Yang Guo Rong Holdings Limited (i.e. the Target Company) (the “**Announcement**”); and (ii) 31 March 2021, 14 April 2021 and 16 May 2021 in relation to the extension of the Long Stop Date. Capitalised terms used herein have the same meanings as defined in the Announcement unless otherwise specified.

The Target Company is currently owned as to 30.89% by the Group and will become an indirect 54.22%-owned subsidiary of the Company upon Completion. The Company wishes to provide supplemental information to illustrate the effect of the Possible Further Acquisition on the Group’s financial position.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information of the Group as enlarged by the Target Group following Completion (the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information**”) comprising the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 31 December 2020 and related notes is set out below.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely prepared for the purpose of illustrating the effect of the Possible Further Acquisition on the Group as if the Possible Further Acquisition had been completed on 31 December 2020, and based on the audited consolidated statement of financial position of the Group as at 31 December

2020 (which has been extracted from the Company's published annual report for the year ended 31 December 2020) and the audited consolidated statement of financial position of the Target Group as at 31 December 2020 (which has been audited by the Company's auditor), after taking into account the pro forma adjustments relating to the Possible Further Acquisition that are (i) directly attributable to the Possible Further Acquisition and not relating to future events or decisions; and (ii) factually supportable, as explained in the notes to the unaudited pro forma consolidated statement of assets and liabilities, as if the Possible Further Acquisition had been completed on 31 December 2020.

Unaudited pro forma consolidated statement of assets and liabilities

	The Group as at 31 December 2020 <i>(audited)</i> <i>HK\$'000</i> <i>Note 1</i>	The Target Group as at 31 December 2020 <i>(audited)</i> <i>HK\$'000</i> <i>Note 2</i>	Pro forma adjustments		Pro forma Enlarged Group as at 31 December 2020 <i>(unaudited)</i> <i>HK\$'000</i>
			<i>HK\$'000</i> <i>Note 3</i>	<i>HK\$'000</i> <i>Note 4</i>	
Non current assets					
Property, plant and equipment	134,082	6,216			140,298
Right-of-use assets	73,273	—			73,273
Intangible assets	626,681	1,842	502,384 ^(a)		1,130,907
Interests in associates	261,801	—	(108,750) ^(b)		153,051
Financial assets at fair value through profit or loss	544	—			544
Deferred tax assets	5,460	8,853			14,313
Deposits paid for non-current assets	2,899	—			2,899
	<u>1,104,740</u>	<u>16,911</u>			<u>1,515,285</u>
Current assets					
Inventories	38,345	—			38,345
Trade and other receivables	382,140	37,965			420,105
Tax recoverable	25	—			25
Restricted bank deposits	350,051	—			350,051
Bank balances and cash	227,878	20,149			248,027
	<u>998,439</u>	<u>58,114</u>			<u>1,056,553</u>
Current liabilities					
Trade and other payables	401,965	46,239		1,500	449,704
Lease liabilities	11,279	—			11,279
Borrowings	500,000	—			500,000
Tax payable	9,834	—			9,834
	<u>923,078</u>	<u>46,239</u>			<u>970,817</u>

	The Group as at 31 December 2020 <i>(audited)</i> HK\$'000 <i>Note 1</i>	The Target Group as at 31 December 2020 <i>(audited)</i> HK\$'000 <i>Note 2</i>	Pro forma adjustments		Pro forma Enlarged Group as at 31 December 2020 <i>(unaudited)</i> HK\$'000
			HK\$'000 <i>Note 3</i>	HK\$'000 <i>Note 4</i>	
Net current assets	75,361	11,875			85,736
Total assets less current liabilities	1,180,101	28,786			1,601,021
Non-current liabilities					
Promissory notes payables	163,579	—			163,579
Deferred tax liabilities	154,378	1,219	121,514 ^(a)		277,111
Lease liabilities	20,891	—			20,891
	338,848	1,219			461,581
Net assets	841,253	27,567			1,139,440

Notes to the unaudited pro forma consolidated statement of assets and liabilities

- The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2020 as set out in the published annual report of the Company for the year ended 31 December 2020.
- The amounts are extracted from the audited consolidated statement of financial position of the Target Group as at 31 December 2020 which has been audited by the Company's auditor.
- (a) For the purpose of the Unaudited Pro Forma Financial Information, a valuation of the Target Group (the "Valuation") was prepared by an independent professional valuer to determine the fair value of the Target Group's net identifiable assets as at 31 December 2020 as if Completion had taken place on that date. The Valuation was prepared using market approach which reflected the market expectations over corresponding industry based on the price-to-sales ratio of comparable companies derived from market consensus with a control premium factor. The Valuation valued the Target Group at approximately HK\$513,623,000 as at 31 December 2020. For illustrative purpose of the Unaudited Pro Forma Financial Information, it is assumed that the same fair value will be derived from a purchase price allocation valuation.

The pro forma adjustment to intangible assets of approximately HK\$502,384,000 as shown in the unaudited pro forma consolidated statement of assets and liabilities above comprised (i) the fair value adjustment to intangible assets amounting to approximately HK\$486,056,000, which represents the difference between the Valuation of approximately HK\$513,623,000 and the carrying value of the net identifiable assets of the Target Group of approximately HK\$27,567,000; and (ii) the goodwill on the acquisition of the Target Company of approximately HK\$16,328,000 (as further explained in note (c) below).

The pro forma adjustment to the deferred tax liabilities of approximately HK\$121,514,000 was derived from the fair value adjustment to the intangible assets of the Target Group of approximately HK\$486,056,000 as referred to above at the enacted tax rate of 25% of the tax jurisdiction in which the Target Group operates.

Based on the above, set out below is a summary of the Target Group's identifiable assets and liabilities as shown in its audited consolidated statement of financial position as at 31 December 2020 and adjusted to their fair values with reference to the Valuation:

	Book value as at 31 December 2020 (audited) HK\$'000	Fair value adjustments HK\$'000	Fair value (unaudited) HK\$'000
Intangible assets	1,842	486,056	487,898
Other assets and liabilities	26,944	—	26,944
Deferred tax liabilities	<u>(1,219)</u>	(121,514)	<u>(122,733)</u>
Net identifiable assets	<u>27,567</u>		<u>392,109</u>

- (b) Pursuant to the Share Purchase Agreement, the Group agreed to acquire the Sale Shares (i.e. 23.33% of the issued share capital of the Target Company) at a consideration of approximately HK\$93,294,000, which will be payable by the issue of 69,106,895 new Shares at the Issue Price of HK\$1.35 each. The fair value of the consideration as at 31 December 2020 (on the basis that 31 December 2020 was the date of Completion for the purpose of the Unaudited Pro Forma Financial Information) would be approximately HK\$107,807,000 based on the closing price of HK\$1.56 per Share as at 31 December 2020.

The Group held 30.89% of the issued share capital of the Target Company (the “**Existing Interest**”) before the Share Purchase Agreement, which had been accounted for as interests in associate in the audited consolidated statement of financial position of the Group at the carrying value of approximately HK\$108,750,000 as at 31 December 2020. The carrying value of the Existing Interest as at 31 December 2020 would be derecognised as interests in associate, and the fair value of the net identifiable assets of the Target Group attributable to

the Existing Interest of approximately HK\$121,122,000 (i.e. HK\$392,109,000 as shown in note (a) above x 30.89%) as at 31 December 2020 would then be recognised as investment in subsidiary and included as part of the deemed cost of investment in the Target Company as if Completion had taken place on 31 December 2020. Accordingly, for the purpose of the Unaudited Pro Forma Financial Information, the aggregate deemed cost of investment in the Target Company (including the Existing Interest and the Sale Shares) upon Completion as if Completion had taken place on 31 December 2020 would be as follows:

	<i>HK\$'000</i>
Fair value of consideration for acquisition of the Sale Shares	107,807
Fair value of the net identifiable assets of the Target Company attributable to the Existing Interest held by the Group	<u>121,122</u>
Aggregate deemed cost of investment in 54.22% of the issued share capital of the Target Company	<u><u>228,929</u></u>

Assuming that Completion had taken place on 31 December 2020, as a result of the derecognition of the Existing Interest as interests in associate, a gain of approximately HK\$12,372,000 from the deemed disposal of the Existing Interest, which represents the difference between the aforesaid fair value of the net identifiable assets of the Target Group attributable to the Existing Interest and the carrying value of the Existing Interest, would have been recognised.

- (c) The Possible Further Acquisition will be accounted for as an acquisition of a subsidiary at Completion. For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purposes, an amount of goodwill which represents the excess of (i) the aggregate deemed cost of investment in the Target Company and the amount of non-controlling interests in the Target Group based on the share of fair value of net identifiable assets of the Target Group (i.e. HK\$392,109,000 as shown in note (a) above x 45.78%); over (ii) the fair value of the net identifiable assets of the Target Group, would arise as follows:

	<i>HK\$'000</i>
Aggregate deemed cost of investment in the Target Company	228,929
Non-controlling interests in the Target Group	179,508
Less: Fair value of the net identifiable assets of the Target Group	<u>(392,109)</u>
Goodwill on the acquisition of the Target Company	<u><u>16,328</u></u>

The goodwill on the acquisition of the Target Company was included in the intangible assets as shown in the unaudited pro forma consolidated statement of assets and liabilities (as referred to in note (a) above).

Based on the closing price of HK\$1.56 per Share as at 31 December 2020, the recoverable amount of the Group's investment in the Target Group amounting to approximately HK\$278,486,000 (i.e HK\$513,623,000 based on the Valuation as shown in note (a) above x 54.22%) would be higher than the carrying amount of the Group's aggregate deemed cost of investment in the Target Group amounting to approximately HK\$228,929,000. On a separate note and for illustrative purpose, based on the closing price of HK\$1.92 per Share as at 27 May 2021 (being the date of this announcement), the recoverable amount of the Group's investment in the Target Group amounting to approximately HK\$278,486,000 would still be higher than the carrying amount of the Group's aggregate deemed cost of investment in the Target Group amounting to approximately HK\$253,807,000. On this basis, no impairment of goodwill would be considered necessary.

Given that the consideration for the Sale Shares will be settled by way of issue of the Consideration Shares, it is noted that the calculation of the amount of goodwill, if any, that may arise from Completion is a function of, among other things, the closing price of the Shares as quoted on the Stock Exchange as at the date of Completion and the determination of the fair values of the related identifiable assets and liabilities of the Target Group as at the same date. Accordingly, the deemed cost of investment in the Target Company and the goodwill as shown above are for illustration only and subject to change, and will be determined upon Completion.

In performing the above assessment for impairment of goodwill, the Group has consistently applied its accounting policies and assumptions in accordance with the Hong Kong Accounting Standard 36 "Impairment of Assets". The Group will consistently apply such accounting policies and assumptions for assessing impairment of goodwill in the future. However, it should be noted that the fair values of the Target Group and its identifiable assets and liabilities and the closing price of the Shares as quoted on the Stock Exchange at the date of Completion are yet to be identified and measured.

4. The adjustment relates to professional costs directly attributable to the Possible Further Acquisition (including fees of legal advisers, financial advisers, reporting accountants, valuer, printer and other expenses).
5. No other adjustments have been made to reflect any trading results or other transactions of the Group or the Target Group entered into subsequent to 31 December 2020.

OPINION OF THE AUDITOR

In the opinion of Baker Tilly Hong Kong Limited, the auditor of the Company, (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated; (b) such basis is consistent with the accounting policies of the Group; and (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information required to be disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information should be read in conjunction with the information disclosed in the Announcement. Shareholders and investors should note that the Unaudited Pro Forma Financial Information is prepared for illustration purpose only and is based on a number of assumptions, estimates and currently available information and is subject to uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe or give assurance on the actual financial position of the Group that would have been attained had the Possible Further Acquisition been completed on 31 December 2020 or on any other dates, nor does it purport to forecast, predict or give assurance on the Group or the Target Group's future financial performance or position.

The actual financial effects of the Possible Further Acquisition on the Group would depend on a number of factors including, among other things, the financial position of the Target Group, the market price of the Shares and the valuation of the Target Group as at the date of Completion, and may be materially different from those described in the Unaudited Pro Forma Financial Information.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 May 2021

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