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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	Change +/(–)
RESULTS			
Revenue	2,340,040	2,709,164	-14%
Gross profit	908,802	992,177	-8%
Segmental EBITDA# (before unallocated items)	172,840	300,875	-43%
Operating profit, before gain on disposals of subsidiaries, net	6,543	74,545	-91%
Operating profit, after gain on disposals of subsidiaries, net	99,769	77,822	+28%
Share of results of associated companies	<u>213,160</u>	<u>402,949</u>	-47%
Adjusted net profit##	233,439	512,670	-54%
Impairment of investment in an associated company	(141,307)	–	N/A
Fair value losses on financial assets/liability at fair value through profit or loss (“FVPL”), net	(8,804)	(1,573)	N/A
Gain on disposals of subsidiaries, net	<u>93,226</u>	<u>3,277</u>	+2,745%
Profit for the year	<u>176,554</u>	<u>514,374</u>	-66%
Profit attributable to:			
– Owners of the Company	157,605	463,432	-66%
– Non-controlling interests	<u>18,949</u>	<u>50,942</u>	-63%
	<u>176,554</u>	<u>514,374</u>	

EBITDA is calculated by excluding interest expense, taxes, depreciation, amortisation and fair value losses on financial assets at FVPL, net from segmental operating profit

Excluding impairment of investment in an associated company, fair value losses on financial assets/liability at FVPL and gains on disposals of subsidiaries, net

* For identification purpose only

	2024	2023	Change
	<i>HK\$ per share</i>	<i>HK\$ per share</i>	+/(<i>-</i>)
Earnings per share for profit attributable to the owners of the Company:			
Basic	0.057	0.169	-66%
Diluted	0.021	0.133	-84%
	<u> </u>	<u> </u>	
	As at 31 December		
	2024	2023	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+/(<i>-</i>)
HIGHLIGHTS OF FINANCIAL POSITION			
Total equity	7,722,876	7,778,018	-1%
Net current assets	3,844,654	3,958,374	-3%
Total assets	11,858,778	13,031,718	-9%
	<u> </u>	<u> </u>	
	<i>HK\$ per share</i>	<i>HK\$ per share</i>	Change
Net assets per share	2.781	2.801	-1%
	<u> </u>	<u> </u>	

The board of directors (the “Board”) of Hi Sun Technology (China) Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023. The annual results have been reviewed by the audit committee of the Company (the “Audit Committee”).

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group reported total assets of HK\$11,858.8 million (2023: HK\$13,031.7 million), which were financed by total liabilities of HK\$4,135.9 million (2023: HK\$5,253.7 million) and total equity of HK\$7,722.9 million (2023: HK\$7,778.0 million). The net asset value was HK\$7,722.9 million (2023: HK\$7,778.0 million). Net assets per share amounted to HK\$2.781 as compared to HK\$2.801 per share as at 31 December 2023.

As at 31 December 2024, the Group had restricted bank balances of HK\$2,593.9 million (2023: HK\$3,542.3 million), cash and cash equivalents of HK\$3,011.3 million (2023: HK\$3,482.0 million), time deposit of HK\$442.5 million (2023: nil) and short-term bank borrowings of HK\$82.1 million (2023: HK\$42.7 million). The net cash position was HK\$3,371.7 million (2023: HK\$3,439.3 million). The gearing ratio is calculated as total debt divided by total capital, while total debt includes bank borrowings and lease liabilities of the Group. The gearing ratio was 1.5% (2023: 1.1%). The gearing ratio is considered healthy and suitable for the continuing growth of the Group's business.

CAPITAL STRUCTURE AND DETAILS OF CHARGES

As at 31 December 2024, the Group had bank borrowings of HK\$82.1 million (2023: HK\$42.7 million) carrying fixed interest rates (2023: same) and banking facilities of approximately HK\$213.8 million (2023: HK\$277.0 million). As at 31 December 2024, no banking facility was secured by the Group's assets. As at 31 December 2023, banking facility amounted to HK\$23.9 million was secured by leasehold land and buildings, with a net carrying amount of HK\$2.6 million and HK\$2.6 million respectively.

The Group's restricted bank balances and cash and cash equivalents were principally denominated in Renminbi, Hong Kong dollar, US dollar, Euro, Japanese Yen, British Pound, Singapore dollar and Canadian dollar in the respective amount of approximately HK\$3,916.2 million, HK\$654.0 million, HK\$983.3 million, HK\$34.0 million, HK\$5.2 million, HK\$5.0 million, HK\$3.2 million and HK\$2.8 million as at 31 December 2024.

Approximately HK\$5,793.6 million, HK\$573.1 million, HK\$558.2 million, HK\$54.2 million, HK\$32.9 million, HK\$6.6 million, HK\$2.4 million and HK\$2.0 million of the Group's restricted bank balances and cash and cash equivalents were principally denominated in Renminbi, Hong Kong dollar, US dollar, Euro, British Pound, Japanese Yen, Singapore dollar and Czech Koruna respectively as at 31 December 2023.

SIGNIFICANT INVESTMENT

Save as disclosed in note (E) under the section titled "Overall Financial Results and Position", the Group held no significant investment as at 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section titled "Key Investing and Financing Activities", the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2024.

EXCHANGE RATES EXPOSURE

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in US dollar, Renminbi, Euro, British Pound, Japanese Yen, Singapore dollar, Canadian dollar and Hong Kong dollar. Currently, the Group has not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of Hong Kong dollar or Renminbi may have an impact on the operating results of the Group.

EMPLOYEES

The total number of employees of the Group as at 31 December 2024 was 2,411. The breakdown of employees by division is as follows:

Payment and digital services	1,168
Fintech services	97
Platform operation solutions	608
Financial solutions	482
Others	14
Corporate office	42
	<hr/>
	2,411
	<hr/> <hr/>

The Group ensures that its employees' remuneration packages are comprehensive and competitive. Directors are entitled to a fixed director's fee, discretionary bonus and other benefits, which are determined with reference to the performance of the individual and the Company, market practice and conditions as well as the Group's corporate goals and objectives in accordance with the remuneration policy of the Company. Employees are remunerated with fixed monthly income plus annual performance related bonuses. The Group also operates share option schemes and share award scheme for the purpose of attracting, retaining, motivating and rewarding the employees. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's businesses.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as EBITDA, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, as the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

BUSINESS REVIEW

CONDENSED SEGMENT RESULTS ANALYSIS

	Note	Turnover		EBITDA [#]	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Payment and digital services	1	1,749,898	1,994,129	190,297	297,203
Fintech services	2	91,458	200,473	(20,631)	47,748
Platform operation solutions	3	146,353	166,856	(3,970)	(5,492)
Financial solutions	4	285,043	325,437	14,891	(13,515)
Others	5	83,796	46,787	(7,747)	(25,069)
Segmental results		2,356,548	2,733,682	172,840	300,875
Less: Inter-segment turnover		(16,508)	(24,518)	–	–
Total		<u>2,340,040</u>	<u>2,709,164</u>	172,840	300,875
Depreciation				(66,878)	(120,166)
Amortisation				(352)	(1,484)
Fair value losses on financial assets at fair value through profit or loss (“FVPL”), net				(8,849)	(6,290)
Segmental operating profit				96,761	172,935
Unallocated other income				23,094	24,696
Unallocated corporate expenses				(113,312)	(123,086)
Operating profit, before gain on disposals of subsidiaries, net				<u>6,543</u>	<u>74,545</u>

[#] EBITDA is calculated by excluding interest expenses, taxes, depreciation, amortisation and fair value losses on financial assets at FVPL, net from segmental operating profit.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	<i>A</i>	2,340,040	2,709,164
Cost of sales	<i>C</i>	(1,431,238)	(1,716,987)
Gross profit		908,802	992,177
Other income	<i>B</i>	155,170	116,918
Other losses, net		(8,804)	(22,432)
Selling expenses	<i>C</i>	(166,100)	(134,484)
Administrative expenses	<i>C</i>	(832,887)	(821,129)
Credit impairment loss	<i>C</i>	(49,638)	(56,505)
Operating profit, before gain on disposals of subsidiaries, net		6,543	74,545
Gain on disposals of subsidiaries, net	<i>L</i>	93,226	3,277
Operating profit, after gain on disposals of subsidiaries, net		99,769	77,822
Share of results of associated companies	<i>D</i>	213,160	402,949
Impairment of investment an associated company	<i>E</i>	(141,307)	–
Gain on deemed acquisition and dilution of interest of an associated company		4,906	1,973
Finance costs		(1,895)	(3,757)
Profit before income tax		174,633	478,987
Income tax credit	<i>K</i>	1,921	35,387
Profit for the year		176,554	514,374
Profit attributable to:			
– Owners of the Company		157,605	463,432
– Non-controlling interests		18,949	50,942
		176,554	514,374
Earnings per share for profit attributable to the owners of the Company:		<i>HK\$</i>	<i>HK\$</i>
		<i>per share</i>	<i>per share</i>
Basic		0.057	0.169
Diluted		0.021	0.133

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
ASSETS			
Investment properties and property, plant and equipment		45,176	78,171
Right-of-use assets		55,986	69,560
Intangible assets		8,304	2,834
Investments in associated companies	E	3,442,562	3,606,250
Financial assets at fair value through profit or loss	F	69,415	309,206
Inventories		872	19,474
Trade and bills receivables	G	185,722	177,055
Other financial assets at amortised cost and other current assets		204,035	200,160
Loan receivables	H	1,785,138	1,536,634
Amounts due from associated companies		6,273	5,000
Current income tax recoverable		7,613	3,040
Time deposits	I	442,487	–
Restricted bank balances	I	2,593,913	3,542,318
Cash and cash equivalents	I	3,011,282	3,482,016
Total assets		11,858,778	13,031,718
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		6,942	6,942
Reserves		7,124,249	7,183,993
		7,131,191	7,190,935
Non-controlling interests		591,685	587,083
Total equity		7,722,876	7,778,018
LIABILITIES			
Deferred income tax liabilities		–	17
Trade payables	J	427,433	596,415
Payables for payment and digital services business	J	2,623,537	3,591,920
Other payables and accruals	J	925,445	932,745
Amounts due to associated companies		4,160	4,295
Current income tax liabilities		37,327	42,136
Lease liabilities		35,870	43,484
Bank borrowings		82,130	42,688
Total liabilities		4,135,902	5,253,700
Total equity and liabilities		11,858,778	13,031,718
		HK\$ per share	HK\$ per share
Net assets per share		2.781	2.801

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the year ended	
	31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	<u>(482,838)</u>	<u>1,205,842</u>
Net cash generated from/(used in) investing activities	<u>73,375</u>	<u>(38,571)</u>
Net cash generated from/(used in) financing activities	<u>314</u>	<u>(1,163,410)</u>
Net (decrease)/increase in cash and cash equivalents	(409,149)	3,861
Cash and cash equivalents at beginning of the year	3,482,016	3,537,506
Exchange loss on cash and cash equivalents	<u>(61,585)</u>	<u>(59,351)</u>
Cash and cash equivalents at end of the year	<u><u>3,011,282</u></u>	<u><u>3,482,016</u></u>

FINANCIAL REVIEW

During the year ended 31 December 2024 (“YEAR 2024”), the consolidated turnover of the Group amounted to HK\$2,340.0 million, representing a decrease of 14% when compared with the year ended 31 December 2023 (“YEAR 2023”). Profit for the year totaled HK\$176.6 million as compared to HK\$514.4 million in YEAR 2023.

With regard to the balance sheet, the total assets as at 31 December 2024 amounted to HK\$11,858.8 million, when compared with HK\$13,031.7 million as at 31 December 2023. As at 31 December 2024, net current assets amounted to HK\$3,844.7 million, when compared with HK\$3,958.4 million as at 31 December 2023.

SEGMENT PERFORMANCE REVIEW

(1) Payment and digital services

Key performance indicators

	2024	2023	Change
	HK\$'000	HK\$'000	+ / (-)
Turnover*	1,749,261	1,993,439	-12%
EBITDA#	190,297	297,203	-36%
Operating profit	141,431	196,539	-28%

* Turnover from external customers

EBITDA is calculated by excluding interest expense, taxes, depreciation and amortisation from segmental operating profit

Segmental turnover amounted to HK\$1,749.3 million as compared to HK\$1,993.4 million in YEAR 2023. Segmental operating profit amounted to HK\$141.4 million, 28% down as compared to YEAR 2023.

The decrease in segmental turnover and segmental operating profit was primarily attributable to the further replacement of the traditional payment market by digital payments. While the digital services business of the Group is in the expansion stage, the handling fee rate of digital payment is lower than that of traditional payment. As such, the decline in the overall transaction volume and average handling fee rate during the digital transformation period has resulted in a decrease in revenue and operating profit during the year. At the same time, the Group was actively making strategic moves to expand its management service products and platforms as well as cross-border business. Despite the expected short-term pressure during the period of digital transformation, the Group firmly believes that this strategic adjustment will bring about the cornerstone of more stable development in the future.

(2) Fintech services

Key performance indicators

	2024 HK\$'000	2023 HK\$'000	Change +/(-)
Turnover*	87,799	198,306	-56%
EBITDA#	(20,631)	47,748	N/A
– including credit impairment loss	46,512	54,457	-15%
Operating (loss)/profit	(23,915)	42,980	N/A

* Turnover from external customers

EBITDA is calculated by excluding interest expense, taxes, depreciation and amortisation from segmental operating (loss)/profit

In YEAR 2024, segmental turnover amounted to HK\$87.8 million as compared to HK\$198.3 million in YEAR 2023, representing a decrease of 56%. Decline in segmental turnover was mainly due to the decrease in volume of loans granted given the current market conditions. Segmental operating loss amounted to HK\$23.9 million as compared to segmental operating profit HK\$43.0 million in YEAR 2023. The segmental operating loss was mainly contributed by a decrease in turnover and credit impairment loss incurred during the year.

(3) Platform operation solutions

Key performance indicators

	2024 HK\$'000	2023 HK\$'000	Change +/(-)
Turnover*	145,312	166,011	-12%
EBITDA#	(3,970)	(5,492)	N/A
Fair value loss on a financial asset at fair value through profit or loss	(11,415)	(8,159)	N/A
Operating loss	(20,928)	(19,509)	N/A

* Turnover from external customers

EBITDA is calculated by excluding interest expense, taxes, depreciation, amortisation and fair value loss on a financial asset at FVPL from segmental operating loss

In YEAR 2024, we continued to provide high-quality and efficient supporting services, such as product development, business operation and system maintenance, to China Mobile Group. During the year, segmental turnover amounted to HK\$145.3 million as compared to HK\$166.0 million in YEAR 2023. Segmental operating loss amounted to HK\$20.9 million as compared to HK\$19.5 million in YEAR 2023, which was primarily attributable to the fair value loss on a financial asset at fair value through profit or loss amounted to HK\$11.4 million in YEAR 2024 as compared to fair value losses of HK\$8.2 million in YEAR 2023.

(4) Financial solutions

Key performance indicators

	2024 HK\$'000	2023 HK\$'000	Change + / (-)
Turnover*	273,872	304,621	-10%
EBITDA [#]	14,891	(13,515)	N/A
Operating profit/(loss)	9,174	(19,867)	N/A

* Turnover from external customers

[#] EBITDA is calculated by excluding interest expense, taxes, depreciation and amortisation from segmental operating profit/(loss)

In YEAR 2024, segmental turnover amounted to HK\$273.9 million as compared to HK\$304.6 million in YEAR 2023. Segmental operating profit totalled HK\$9.2 million as compared to segmental operating loss HK\$19.9 million in YEAR 2023. The improving segmental operating profit was mainly due to increase in profit margin from overseas markets during YEAR 2024.

(5) Others

Other business operations mainly included results of subsidiaries under our electronic power meters and solutions business, which were disposed in July 2024 and August 2024 respectively. Turnover of which contributed approximately 3.6% of the total consolidated turnover of the Group.

Segmental operating loss amounted to HK\$9.0 million as compared to HK\$27.2 million in YEAR 2023.

OVERALL FINANCIAL RESULTS AND POSITION

(A) Revenue

The consolidated turnover amounted to HK\$2,340.0 million, representing a decrease of 14% over YEAR 2023. Such decrease was mainly contributed by a decrease in segmental turnover of our payment and digital services segment. Please also refer to Notes (1) to (5) above on segmental performance.

(B) Other income

Other income mainly consisted of interest income and government grants in YEAR 2024.

(C) Cost of sales and operating expenses

In YEAR 2024, cost of sales decreased significantly mainly due to decline in total turnover particularly in payment and digital services and fintech services segments.

Increase in operating expenses was mainly due to increase in research and development costs in YEAR 2024.

Credit impairment loss was primarily due to impairment loss on aged loan receivable balances under the fintech services segment.

(D) Share of results of associated companies

Amounts mainly represented share of the results of the associated companies of the Company, including PAX Global Technology Limited (“PAX Global”), the shares of which are listed on the Stock Exchange, as well as Megahunt Technologies Inc. (“Megahunt”).

(E) Investments in associated companies

Balance mainly represented the Group's interests in PAX Global and Megahunt. The Group is optimistic about their future prospects and will continue to demonstrate prudence and resilience in assessing its investment strategy towards the enhancement of shareholders' value.

(i) PAX Global

As at 31 December 2024, the Group held 364,000,000 ordinary shares of PAX Global and the fair value of the Group's approximately 34.3% effective interest in PAX Global was approximately HK\$1,954.7 million and was lower than its carrying value. An impairment test was performed to determine the recoverable amount of the investment. The recoverable amount, which was assessed by an independent valuer on a value-in-use basis using the discounted cash flow model, exceeds the carrying value as at 31 December 2024. The interest in PAX Global of HK\$3,090.2 million represented approximately 26.1% of the Group's audited total assets as at 31 December 2024 and the cost of investment as at 31 December 2024 was HK\$259.8 million.

PAX Global, together with its subsidiaries, is principally engaged in the development and sales of electronic payment point-of-sale terminals products and the provision of maintenance and installation and payment solution services.

PAX Global is one of the global leading suppliers of E-payment Terminals solutions business. The continuous progress in payment technology, coupled with the growing consumer preference for convenient and secure payment options, along with global cashless initiatives, has opened up new opportunities for PAX Global's products and solutions. Despite facing challenging macroeconomic conditions, PAX Global has showcased resilience to risks and adaptability to volatile environments. PAX Global remains at the forefront of market trends and actively drives the enhancement of payment terminal technology.

In YEAR 2024, the decrease in the net profit of PAX Global was primarily due to the decline in revenue recorded. The decline in revenue was primarily due to the drop in purchase orders in certain markets during the period, which is attributed to global economic uncertainty.

Looking forward, the shift toward cashless and digital economies remains an irreversible trend. We are optimistic about PAX Global maintaining a positive outlook on the market demand for its payment terminals and being well-prepared to capitalise on the vast opportunities within the global payments industry.

(ii) Megahunt

As at 31 December 2024, the Group held approximately 45.73% of the issued shares of Megahunt. The financial impact attributed to Megahunt's withdrawal of the proposed listing on the Shanghai Stock Exchange in June 2024. The recoverable amount had been determined based on the higher of the fair value less cost of disposal and value-in-use. The recoverable amount of Megahunt based on the fair value less costs of disposal calculation was determined under the market approach valuation performed by an independent professional valuer as at 30 June 2024. The recoverable amount of Megahunt is lower than its carrying amount. The total shortfall of HK\$141.3 million was recognised as a non-cash impairment loss of investment in an associated company in YEAR 2024. As at 31 December 2024, an impairment test is performed to determine the recoverable amount of the investment. The recoverable amount, which was assessed by an independent valuer on a value-in-use basis calculated by a discounted cash flow model, exceeds the carrying value as at 31 December 2024. The interest in Megahunt of HK\$322.9 million represented approximately 2.7% of the Group's audited total assets as at 31 December 2024.

In YEAR 2024, due to the impact of the global economic conditions and the tightened global semiconductor supply chain, the growth of the information security chip industry tended to slow down and competition became more intense. The information security chip market is generally expected to develop steadily in 2025, subject to changes due to the policy impact on the payment market. Other research and development projects are progressing smoothly and the cost reduction initiatives of various products are also rolling out in an orderly manner.

(F) Financial assets at fair value through profit or loss

Amount mainly represented an unlisted investment fund outside Hong Kong. Decline in balance was mainly due to the decrease in other FVPL investments outside Hong Kong.

(G) Trade and bills receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables (<i>Note (i)</i>)	189,586	187,243
Bills receivables	–	5,830
Less: provision for impairment of trade receivables	<u>(3,864)</u>	<u>(16,018)</u>
Total	<u><u>185,722</u></u>	<u><u>177,055</u></u>

Note (i):

The Group's credit terms to trade debtors normally range from 0 to 180 days. The ageing analysis of the trade receivables primarily based on the invoice dates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current to 90 days	164,853	145,541
91 to 180 days	16,135	13,989
181 to 365 days	2,810	3,463
Over 365 days	<u>5,788</u>	<u>24,250</u>
	<u><u>189,586</u></u>	<u><u>187,243</u></u>

- Changes in balances between aged current to 90 days and over 365 days were mainly due to changes of outstanding balances under financial solutions segment and the effect on the disposal of electronic power meters and solutions business.

(H) Loan receivables

Loan receivables are amounts due from customers under the fintech services segment in the ordinary course of business and primarily denominated in RMB.

(I) Time deposits, restricted bank balances and cash and cash equivalents

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
Long-term bank deposits	265,280	–
Current assets		
Short-term bank deposits	<u>177,207</u>	<u>–</u>
Total time deposits	<u><u>442,487</u></u>	<u><u>–</u></u>
Restricted bank balances (<i>Note</i>)	2,593,913	3,542,318
Cash and cash equivalents	<u>3,011,282</u>	<u>3,482,016</u>
Restricted bank balances and cash and cash equivalents	<u><u>5,605,195</u></u>	<u><u>7,024,334</u></u>

Note:

In accordance with the notice issued by the Payment and Settlement Department of the People's Bank of China ("PBOC") from 14 January 2019, all customer reserve accounts held by third-party payment institutions should be cancelled and the customer reserves should be deposited in a dedicated deposit account maintained centrally by a designated agency. Since the transfer of fund of the dedicated deposit account is subject to measures imposed by PBOC, the customer reserves maintained therein are restricted in nature.

As at 31 December 2024, the amount comprised (i) the customer reserves deposited in the abovesaid dedicated deposit account which was denominated in RMB; and (ii) the funds deposited in designated bank accounts for the operation of the Group's cross-border payment business.

(J) Trade payables, payables for payment and digital services segment and other payables and accruals

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>Note (i)</i>)	427,433	596,415
Payables for payment and digital services segment (<i>Note (ii)</i>)	2,623,537	3,591,920
Other payables and accruals (<i>Note (iii)</i>)	<u>925,445</u>	<u>932,745</u>
Total	<u><u>3,976,415</u></u>	<u><u>5,121,080</u></u>

Note (i):

The credit period granted by the suppliers ranges from 0 to 180 days. The ageing analysis of the trade payables primarily based on invoice date was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current to 90 days	422,633	318,313
91 to 180 days	148	110,708
181 to 365 days	14	156,504
Over 365 days	4,638	10,890
	<u>427,433</u>	<u>596,415</u>

- Changes in trade payables aged between current to 90 days, 91 to 180 days and 181 to 365 days were mainly due to changes in outstanding balances under the payment and digital services segment.

Note (ii):

This balance represents payables to merchants for the payment and digital services segment.

Note (iii):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accrued staff costs and pension obligations*	223,907	256,214
Deposits	33,667	35,154
Receipt in advance from customers**	27,382	24,023
Deposits from business channel partners**	445,864	424,893
Others***	194,625	192,461
	<u>925,445</u>	<u>932,745</u>

* Balance represented accrued staff costs, pension obligations and year-end bonus.

** Receipt in advance from customers and deposits from business channel partners represented advances and guarantees received from merchants and partners under the payment and digital services segment.

*** Balance mainly represented accrued subcontracting costs and other accrued handling fees payable under the payment and digital services segment.

(K) Income tax credit

The income tax credit was mainly due to a subsidiary under payment and digital services segment being qualified as a Software and Integrated Circuit Enterprise (“SICE”) in the YEAR 2024.

(L) Gain on disposals of subsidiaries, net

The amounts mainly represented gain on disposal of subsidiaries under our electronic power meters and solutions business, which amounted to HKD101,076,000.

On 7 July 2024, Hangzhou PAX Electricity Technology Ltd. and Pacific Sheen International Limited, two indirect wholly-owned subsidiaries of the Company entered into a share transfer agreement with, inter alia, an independent third-party purchaser in relation to the Company's disposal of the entire equity interests in two other indirect wholly-owned subsidiaries of the Company, namely Hangzhou PAX Electronic Technology Ltd. and Hangzhou Fushun Information Technology Co., Ltd., (the "Disposal Companies"). Upon completion of the respective disposals in July 2024 and August 2024, the Disposal Companies ceased to be subsidiaries of the Company. Other details can be referred to in the announcement of the Company dated 7 July 2024.

KEY INVESTING AND FINANCING ACTIVITIES

Adoption of the Shenzhen Hi Sun Share Incentive Scheme and the possible deemed disposal of Shenzhen Hi Sun

In May 2024, Shenzhen Hi Sun adopted the Shenzhen Hi Sun Share Incentive Scheme, pursuant to which Shenzhen Hi Sun granted options to the scheme participants to subscribe for new registered capital of Shenzhen Hi Sun through a shareholding platform. The Shenzhen Hi Sun Share Incentive Scheme, unless further resolved by its shareholders, will remain valid and effective for 3 years from 20 May 2024 until 19 May 2027.

7,500,000 options were granted to three Shenzhen Hi Sun employees (the "Grantees") who are the general and limited partners of the aforesaid shareholding platform, vesting of which are subject to certain predetermined financial targets. Upon vesting, the Grantees may exercise the vested options to subscribe for up to RMB7,500,000 new registered capital of Shenzhen Hi Sun at the subscription price of RMB1.5 for RMB1 new registered capital. Each Grantee may also elect to request Shenzhen Hi Sun to repurchase up to 30% of the subscription rights of his vested options at a repurchase price (capped at RMB10 for RMB1 new registered capital) to be determined with reference to the profits of Shenzhen Hi Sun for the financial year preceding the date of exercise. Should the options be vested and exercised in full, Shenzhen Hi Sun will cease to be a subsidiary of the Company, as the Company's interests will decrease from 50.91% to 40% (assuming no repurchase) or approximately 42.75% (assuming repurchase of all 30% of the subscription rights of all vested options).

No option was vested, exercised, cancelled or lapsed under the Shenzhen Hi Sun Share Incentive Scheme since its adoption and up to 31 December 2024. Further details can be referred to the Company's announcement dated 20 May 2024.

Withdrawal of application for listing of Megahunt Technologies Inc.

In June 2024, the Shanghai Stock Exchange formally approved the application of Megahunt to withdraw its application for listing of its shares on the Science and Technology Innovate Board of the Shanghai Stock Exchange filed in light of its strategic planning and the recent capital market environment. Other details can be referred to Note (E)(ii) of the section "Overall Financial Results and Positions" and the announcement of the Company dated 20 May 2024.

BUSINESS OUTLOOK

In 2024, China's economy strived for growth amidst "escalating external pressures and rising internal challenges" with more determining factors affecting the economic growth than ever before. With the ongoing recovery of domestic demand, improvements in external demand and enhancements in the the quality of economic development, China's economy maintains its stability and retains its long-term positive attribute. Looking ahead to 2025, we are optimistic about achieving stable long-term development in the Chinese economy, bolstered by its strong foundation, various competitive edges, strong resilience, vast potential, and its long-term positive attribute.

Payment and Digital Services

In 2024, we actively implemented the principle of "payment for the people" by focusing on serving frequent small-value payment transactions, and continued to advance our digital strategy. During 2024, the digital payment volume experienced significant growth, achieving a year-on-year growth of more than 30%. Our PaaS platform continues to bring in new partners, covering multiple business transactions across various sectors, including catering, retail, second-hand car trading market, gas station, hotel, tourist attraction, wet market, property management and campus payment.

Our cross-border business has consistently adhered to a differentiation strategy, continuously exploring opportunities in new regions, new businesses and new platforms. During the period, we continued to establish differentiated service capabilities for local platforms in overseas regions, such as South America, Southeast Asia and the Middle East, while expanding the scope of our services across various business sectors. In 2025, we will continue to invest in cutting-edge technologies such as artificial intelligence, big data and cloud computing. We aim to continuously build and refine intelligent models to optimize and enhance risk identification, capabilities across various business sectors. This will accelerate the integration of digital technology and trade, enabling us to create a more comprehensive, secure and efficient payment infrastructure for enterprises, thereby promoting the steady development of cross-border business.

During the year, we have actively engaged in the "Further Optimizing Payment Convenience for Foreigners in China" initiative spearheaded by the People's Bank of China. Our objective is to provide foreign visitors with a better local payment experience and address payment-related issues they may encounter. In field of foreign card acceptance, we are committed to strengthening cooperation with international payment card organizations in domestic acquiring sector and actively exploring innovative models to enhance the overall payment convenience for foreigners in China. We have successfully obtained CNP (Card-Not-Present) business licenses from three major international card organizations. From now on, we are capable of connecting domestic enterprises with global businesses in payments as an acquirer, unlocking new opportunities for payments in international trade and also empowering enterprises with more control in cross-border payment. At the same time, we focus on addressing the challenges faced by small and micro merchants when processing foreign cards transactions. By leveraging a range of innovative products, we strive to lower costs for merchants and empower small and micro merchants to integrate into the international payment system that enable them to share the benefits from in cross-border consumption, and thus, bringing surging vitality into the diversification and internationalization of the domestic business ecosystem.

Apart from utilizing our PaaS platform in conjunction with software service providers to offer offline customers with digital operation services, we have continuously launched our self-developed digital products to enhance our customers' digital operation strategies. Our digital operation products have penetrated the retail, the used car dealership and catering industries. The digital operation products we launched for the catering industry in 2024 have reached North America, Europe, Southeast Asia and China, having secured contracts with 20,000 stores, and with more than 5,000 put into operation. From the outset, our products have been positioned globally, serving a diverse clientele in the catering industry, including renowned Chinese brands as well as prominent international brands.

Fintech Services

Suixin Cloud Chain Technology Service Platform continued to focus on the corporate credit and data credit business, offering a diverse range of products and services to meet various financing needs in different scenarios. This aims to help SMEs obtain financing in a faster and more efficient way. E-Finance (信單E融), a credit product we launched in the first half of 2024, attained solid progress on the issuance of asset-back securities under our E-Finance business. In 2024, we realized the diversified development plans in our asset securitization business, and introduced innovative note products such as "1+N" model, "N+N" model and "E finance N+N" model to provide greater financial support to financing enterprises through asset securitization. In 2024, the number of registered enterprises on Suixin Cloud Chain Platform increased by more than 1,700, representing a year-on-year increase of more than 60%.

Platform Operation Solutions

In 2024, we have gained extensive customer and market recognition through our persistent business development effort in the operator market, as well as continuous improvements in our delivery capabilities and service standards. Under the general backdrop of cost-cutting across the operators, we have maintained the overall business scale with stable income from our major operation. The addition of customers from the financial and telecommunications industries to the corporate WeChat marketing agency operation has laid a solid foundation for growth in the next year. This year, we continued to invest in technology research and development, and optimized the underlying platforms, tools and software to ensure the advancement and stability of technologies. Looking ahead to the next year, operators are expected to further reduce costs, and our existing market scale is anticipated to shrink. In response to this market trend, we will maintain a prudent business strategy by continuing to navigate and explore the existing market, leverage multiple channels to expand our customer base, continue to refine our products and enhance quality of services, striving to capture certain market share amid competition, and achieve business growth.

Financial Solutions

BJ ABS has been committed to providing system services for domestic financial institutions. In 2024, due to the impact of the overall financial environment, there has been a certain degree of reduction in the demands for system innovation, construction, transformation and regular maintenance from financial customers. At the same time, BJ ABS focused on three major directions in navigating new business opportunities. First, we have increased R&D investment in wealth management system and payment business system in the Bay Area, continued to optimize system functions to enhance system compatibility to better support our customers' business development, including cross-border wealth management, FPS, Swift upgrade, BRICS currency bridge and CIPS access, etc., which are the main growth points for the business.

In addition, we have made every effort to promote the upgrading of IT application innovation on the customers' end, including comparison testing platform, business intermediary software, database connector and batch scheduling tools. We have been receiving orders for these technologies as they gained recognition from customers. Moreover, we have made a concerted effort to promote our core microservice product, IBS9.0, focusing on developing urban and agricultural commercial bank customers, where strong demands are expected in the future.

For overseas business, Shenzhen Hi Sun has established various overseas offices to actively engaged in market expansion and the research and development of new products, in addition to supporting the delivery of existing customer projects. In terms of the existing customer service, three core business systems for banks and one IBM host migration project were commissioned and delivered during the year. In terms of market expansion, while consolidating the presence in the Southeast Asian market, we are in the process of outlining the expansion plans in the Middle East and Africa markets. As of now, we have made progress in certain business areas, with significant potential for breakthroughs by 2025. Furthermore, in the research and development of new product solutions, we have conducted specific research and development of product solutions and exchanged information with a number of bank customers in response to the needs of traditional banks for digital transformation. In view of the business opportunities presented by IBM's mainframe migration and the opportunity of completing the delivery of a customer's project in Thailand in 2024, we will continue to enhance our products, which will be a key priority for us in the next year.

Consolidated Income Statement

		For the year ended 31 December	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3, 4	2,340,040	2,709,164
Cost of sales	5	<u>(1,431,238)</u>	<u>(1,716,987)</u>
Gross profit		908,802	992,177
Other income	3	155,170	116,918
Other losses, net	3	(8,804)	(22,432)
Selling expenses	5	(166,100)	(134,484)
Administrative expenses	5	(832,887)	(821,129)
Credit impairment loss	5	<u>(49,638)</u>	<u>(56,505)</u>
Operating profit, before gain on disposals of subsidiaries, net		6,543	74,545
Gain on disposals of subsidiaries, net	13	<u>93,226</u>	<u>3,277</u>
Operating profit, after gain on disposals of subsidiaries, net		99,769	77,822
Share of results of associated companies	10	213,160	402,949
Impairment of investment in an associated company	10	(141,307)	–
Gain on deemed acquisition and dilution of interest of an associated company	10	4,906	1,973
Finance costs		<u>(1,895)</u>	<u>(3,757)</u>
Profit before income tax		174,633	478,987
Income tax credit	6	<u>1,921</u>	<u>35,387</u>
Profit for the year		<u>176,554</u>	<u>514,374</u>
Profit attributable to:			
– Owners of the Company		157,605	463,432
– Non-controlling interests		<u>18,949</u>	<u>50,942</u>
		<u>176,554</u>	<u>514,374</u>
		<i>HK\$ per share</i>	<i>HK\$ per share</i>
Earnings per share for profit attributable to the owners of the Company:			
Basic	7	<u>0.057</u>	<u>0.169</u>
Diluted	7	<u>0.021</u>	<u>0.133</u>

Consolidated Statement of Comprehensive Income

	For the year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	176,554	514,374
Other comprehensive loss, net of tax		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translation of foreign subsidiaries	(97,966)	(89,383)
Reclassification of exchange reserve upon the disposals of subsidiaries	(62,942)	–
Share of other comprehensive loss of associated companies	(78,498)	(49,913)
Release of reserve upon dilution of interest in an associated company	(1,426)	(2,981)
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Change in value of a financial asset at fair value through other comprehensive income	–	(152,846)
Total comprehensive (loss)/income for the year, net of tax	(64,278)	219,251
Total comprehensive (loss)/income for the year attributable to:		
– Owners of the Company	(63,957)	185,186
– Non-controlling interests	(321)	34,065
	(64,278)	219,251

Consolidated Balance Sheet

	As at 31 December	
	2024	2023
Note	HK\$'000	HK\$'000
Assets		
Non-current assets		
Investment properties	352	511
Property, plant and equipment	44,824	77,660
Right-of-use assets	55,986	69,560
Intangible assets	8,304	2,834
Investments in associated companies	10 3,442,562	3,606,250
Financial asset at fair value through profit or loss	68,537	82,321
Other financial assets at amortised cost	8,050	2,070
Long-term bank deposits	265,280	–
Total non-current assets	3,893,895	3,841,206
Current assets		
Inventories	872	19,474
Other current assets	36,247	27,245
Other financial assets at amortised cost	159,738	170,845
Amounts due from associated companies	6,273	5,000
Loan receivables	9 1,785,138	1,536,634
Trade and bills receivables	11 185,722	177,055
Financial assets at fair value through profit or loss	878	226,885
Current income tax recoverable	7,613	3,040
Short-term bank deposits	177,207	–
Restricted bank balances	2,593,913	3,542,318
Cash and cash equivalents	3,011,282	3,482,016
Total current assets	7,964,883	9,190,512
Total assets	11,858,778	13,031,718
Equity		
Capital and reserves attributable to owners of the Company		
Share capital	6,942	6,942
Reserves	7,124,249	7,183,993
	7,131,191	7,190,935
Non-controlling interests	591,685	587,083
Total equity	7,722,876	7,778,018

		As at 31 December	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities		14,982	21,545
Other payables	<i>12</i>	691	–
Deferred income tax liabilities		–	17
		<hr/>	<hr/>
Total non-current liabilities		15,673	21,562
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade payables	<i>12</i>	427,433	596,415
Payables for payment and digital services business	<i>12</i>	2,623,537	3,591,920
Other payables and accruals	<i>12</i>	924,754	932,745
Amounts due to associated companies		4,160	4,295
Current income tax liabilities		37,327	42,136
Bank borrowings		82,130	42,688
Lease liabilities		20,888	21,939
		<hr/>	<hr/>
Total current liabilities		4,120,229	5,232,138
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		4,135,902	5,253,700
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		11,858,778	13,031,718
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

1 GENERAL INFORMATION

Hi Sun Technology (China) Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the provision of payment and digital services, provision of fintech services, provision of platform operation solutions and provision of financial solutions.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(ii) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”), which are measured at fair values.

(iii) *New and amended standards adopted by the Group*

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

(a) Amendments to HKAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

The HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

(c) *HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)*

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following item might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item "administrative expenses" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the consolidated balance sheet, the Group will disaggregate goodwill and other intangible assets and present them separately in the consolidated balance sheet.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received will continue to be presented investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

3 REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue, other income and other losses, net recognised during the year are as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers		
<i>Recognised over time</i>		
Provision of services	2,185,634	2,482,561
<i>Recognised at a point in time</i>		
Sales of goods	83,796	46,786
	2,269,430	2,529,347
Revenue from other source		
Provision of fintech services (<i>Note i</i>)	70,610	179,817
	2,340,040	2,709,164
Other income		
Interest income	141,520	73,758
Government grants (<i>Note ii</i>)	11,708	39,859
Rental income	644	2,886
Others	1,298	415
	155,170	116,918
Other losses, net		
Fair values (losses)/gains on financial assets at FVPL		
– Unlisted investment fund	(11,415)	(8,159)
– Listed equity securities	45	(146)
– Investments at FVPL	2,566	1,869
Derecognition of written put option liability at FVPL	–	4,863
Impairment of intangible assets	–	(20,837)
Impairment of investment in an associated company	–	(22)
	(8,804)	(22,432)

Note i: Revenue from provision of fintech services represented interest income recognised and accrued using the effective interest method.

Note ii: Government grants represented value-added tax refund from local tax bureau and grant from government in relation to sales and research and development of self-developed software products in the PRC. There were no unfulfilled condition and other contingencies attached to the receipts of those grants.

4 SEGMENT INFORMATION

Description of segments and principal activities

Management has determined the operating segments based on the internal reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business of the Group from a product perspective.

The Group is organised into four main operating segments in these internal reports:

- (a) Payment and digital services – principally engaged in provision of payment processing services and related digital products and solutions;
- (b) Fintech services – principally engaged in provision of micro-lending, supply chain financing, factoring business, credit assessment services and related products and solutions;
- (c) Platform operation solutions – principally engaged in the provision of telecommunication and mobile payment platform operation services and operation value-added services;
- (d) Financial solutions – principally engaged in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks.

The Board of Directors assesses the performance of the operating segments based on a measure of earnings/(losses) before interest expense, taxes, depreciation and amortisation (“EBITDA”), and segmental operating profit/(loss). EBITDA is calculated by excluding interest expense, taxes, depreciation, amortisation and fair value gain/(loss) on financial assets at FVPL from segmental operating profit/(loss).

An analysis of the Group's revenue and results for the year by operating segment is as follows:

	Payment and digital services <i>HK\$'000</i>	Fintech services <i>HK\$'000</i>	Platform operation solutions <i>HK\$'000</i>	Financial solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
Year ended 31 December 2024						
Segment turnover	1,749,898	91,458	146,353	285,043	83,796	2,356,548
Inter-segment turnover	(637)	(3,659)	(1,041)	(11,171)	-	(16,508)
Turnover from external customers	<u>1,749,261</u>	<u>87,799</u>	<u>145,312</u>	<u>273,872</u>	<u>83,796</u>	<u>2,340,040</u>
Segmental EBITDA (excluding fair value gain/(loss) on financial assets at FVPL)	<u>190,297</u>	<u>(20,631)</u>	<u>(3,970)</u>	<u>14,891</u>	<u>(7,747)</u>	<u>172,840</u>
Depreciation	(48,523)	(5,850)	(5,543)	(5,717)	(1,245)	(66,878)
Amortisation	(343)	-	-	-	(9)	(352)
Fair value gain/(loss) on financial assets at FVPL	-	2,566	(11,415)	-	-	(8,849)
Segmental operating profit/(loss)	<u>141,431</u>	<u>(23,915)</u>	<u>(20,928)</u>	<u>9,174</u>	<u>(9,001)</u>	<u>96,761</u>
Unallocated other income						23,094
Unallocated corporate expenses						<u>(113,312)</u>
Operating profit, before gain on disposals of subsidiaries, net						6,543
Gain on disposals of subsidiaries, net						<u>93,226</u>
Operating profit, after gain on disposals of subsidiaries, net						99,769
Share of results of associated companies						213,160
Impairment of investment in an associated company						(141,307)
Gain on deemed acquisition and dilution of interest of an associated company						4,906
Finance costs						<u>(1,895)</u>
Profit before income tax						174,633
Income tax credit						<u>1,921</u>
Profit for the year						<u>176,554</u>

	Payment and digital services <i>HK\$'000</i>	Fintech services <i>HK\$'000</i>	Platform operation solutions <i>HK\$'000</i>	Financial solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
Year ended 31 December 2023						
Segment turnover	1,994,129	200,473	166,856	325,437	46,787	2,733,682
Inter-segment turnover	(690)	(2,167)	(845)	(20,816)	–	(24,518)
Turnover from external customers	<u>1,993,439</u>	<u>198,306</u>	<u>166,011</u>	<u>304,621</u>	<u>46,787</u>	<u>2,709,164</u>
Segmental EBITDA (excluding fair value gain/(loss) on financial assets at FVPL)	<u>297,203</u>	<u>47,748</u>	<u>(5,492)</u>	<u>(13,515)</u>	<u>(25,069)</u>	<u>300,875</u>
Depreciation	(99,942)	(5,898)	(5,858)	(6,352)	(2,116)	(120,166)
Amortisation	(722)	(739)	–	–	(23)	(1,484)
Fair value gain/(loss) on financial assets at FVPL	–	1,869	(8,159)	–	–	(6,290)
Segmental operating profit/(loss)	<u>196,539</u>	<u>42,980</u>	<u>(19,509)</u>	<u>(19,867)</u>	<u>(27,208)</u>	<u>172,935</u>
Unallocated other income						24,696
Unallocated corporate expenses						(123,086)
Operating profit, before gain on disposal of a subsidiary						74,545
Gain on disposal of a subsidiary						3,277
Operating profit, after gain on disposal of a subsidiary						77,822
Share of results of associated companies						402,949
Gain on deemed acquisition and dilution of interest of an associated company						1,973
Finance costs						(3,757)
Profit before income tax						478,987
Income tax credit						35,387
Profit for the year						<u>514,374</u>

The segment assets and liabilities as at 31 December 2024 and additions to non-current assets for the year ended 31 December 2024 are as follows:

	Payment and digital services <i>HK\$'000</i>	Fintech services <i>HK\$'000</i>	Platform operation solutions <i>HK\$'000</i>	Financial solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
As at 31 December 2024								
Segment assets	<u>5,771,121</u>	<u>2,423,337</u>	<u>563,936</u>	<u>469,209</u>	<u>292,996</u>	<u>4,940,381</u>	<u>(2,602,202)</u>	<u>11,858,778</u>
Segment liabilities	<u>(3,984,151)</u>	<u>(1,239,640)</u>	<u>(334,301)</u>	<u>(589,867)</u>	<u>(107,744)</u>	<u>(482,401)</u>	<u>2,602,202</u>	<u>(4,135,902)</u>
Year ended 31 December 2024								
Additions to non-current assets (excluding investments in associated companies, financial assets at FVPL, other financial assets at amortised cost and long-term bank deposits)	<u>53,114</u>	<u>3,111</u>	<u>1,063</u>	<u>161</u>	<u>271</u>	<u>5,832</u>	<u>–</u>	<u>63,552</u>

The segment assets and liabilities as at 31 December 2023 and additions to non-current assets for the year ended 31 December 2023 are as follows:

	Payment and digital services <i>HK\$'000</i>	Fintech services <i>HK\$'000</i>	Platform operation solutions <i>HK\$'000</i>	Financial solutions <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total Group <i>HK\$'000</i>
As at 31 December 2023								
Segment assets	<u>6,742,579</u>	<u>2,357,488</u>	<u>603,153</u>	<u>470,905</u>	<u>327,551</u>	<u>5,004,890</u>	<u>(2,474,848)</u>	<u>13,031,718</u>
Segment liabilities	<u>(5,195,717)</u>	<u>(944,593)</u>	<u>(340,573)</u>	<u>(594,618)</u>	<u>(174,194)</u>	<u>(478,853)</u>	<u>2,474,848</u>	<u>(5,253,700)</u>
Year ended 31 December 2023								
Additions to non-current assets (excluding investments in associated companies, financial asset at FVOCI, other financial assets at amortised cost and financial assets at FVPL)	<u>45,986</u>	<u>13,310</u>	<u>8,289</u>	<u>10,305</u>	<u>1,018</u>	<u>92</u>	<u>-</u>	<u>79,000</u>

During the year, additions to non-current assets mainly comprise additions to property, plant and equipment, right-of-use assets and intangible assets (2023: property, plant and equipment, right-of-use assets and intangible assets).

Information provided to the Board of Directors is measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Sales between segments are carried out at normal commercial terms. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated income statement.

The Group is principally domiciled in Mainland China and Hong Kong (2023: same). The Group's turnover by geographical locations, which is determined by the locations in which the turnover are generated from, is as follows:

	For the year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	2,113,413	2,555,657
Hong Kong	222,146	150,804
Others	4,481	2,703
	<u>2,340,040</u>	<u>2,709,164</u>

The Group's non-current assets (excluding investments in associated companies, other financial assets at amortised cost, financial assets at FVPL and long-term bank deposits) by geographical locations, which is determined by the geographical locations in which the asset is located, is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Non-current assets		
Mainland China	103,472	148,415
Hong Kong	5,994	2,150
	<u>109,466</u>	<u>150,565</u>

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, administrative expenses and credit impairment loss are analysed as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Auditor's remuneration		
– audit services	4,007	3,880
– non-audit services	2,296	3,583
Commission and incentives paid/payable to business channel partners	978,024	1,121,088
Interest expenses on asset-backed securities	–	9,778
Depreciation of property, plant and equipment	42,263	97,457
Depreciation of right-of-use assets	29,374	28,908
Depreciation of investment properties	179	173
Amortisation of intangible assets	352	1,484
Employee benefit expenses (including directors' emoluments)	946,907	945,914
Costs of inventories sold (including reversal of provision for inventories (2023: provision for inventories))	75,567	57,785
Short-term leases of office premises	13,890	10,448
Research and development costs (including staff cost)	345,677	303,079
Gains on disposals of property, plant and equipment	(208)	(103)
Write off of property, plant and equipment	88	6
Credit impairment loss		
– trade and bills receivables	2,867	1,806
– loan receivables	46,771	54,699
Net foreign exchange (gain)/loss	<u>(3,458)</u>	<u>1,073</u>

6 INCOME TAX CREDIT

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax (<i>Note (a)</i>)	(1,290)	–
– PRC corporate income tax (<i>Note (a)</i>)	(21,413)	(51,635)
– Over-provision in prior year (<i>Note (b)</i>)	24,618	84,653
Deferred income tax	6	2,369
Income tax credit	1,921	35,387

Note (a)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Subsidiaries in the PRC are subject to corporate income tax (“CIT”) in accordance with the PRC CIT Law. According to the PRC CIT Law and the relevant regulations, the CIT tax rate applicable is 25% unless preferential rates are applicable in the cities where the subsidiaries are located. If a subsidiary is qualified as High and New Technology Enterprise (“HNTE”), the applicable CIT tax rate is 15% for three years. If a subsidiary is engaged in Encouraged Industries in the Western Region (“EIWR”), the applicable CIT tax rate is 15%. If a subsidiary is qualified as Software and Integrated Circuit Enterprise (“SICE”), the applicable CIT tax rate is 0% for the first two years of being qualified and 12.5% for the next three years.

Applicable corporate income tax rates of principal subsidiaries

Subsidiaries	Applicable corporate	
	income tax rate	
	For the year ended	
	31 December	
	2024	2023
Beijing Hi Sun Advanced Business Solutions Information Technology Limited (“BJ ABS”)	15%	15%
隨行付支付有限公司 (“VBill OPCO”)	25%	25%
重慶鑫聯隨行科技有限公司 (“Chongqing Xinlian”)	15%	15%
北京結慧科技有限公司 (“Vintelligence Beijing”)	15%	15%

Note (b)

The over-provision of current income tax in prior year during the year ended 31 December 2023 and 2024 is mainly attributable to Vintelligence Beijing.

Pursuant to Caishui Circular 49 of 2016 jointly released by the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Industry and Information Technology of the PRC and the amendments of the relevant tax rules and requirements of the eligibility for the tax incentives, management performed self-assessment for Vintelligence Beijing on the eligibility of tax incentives.

In prior years, Vintelligence Beijing was accredited as SICE with the first effective period being the year ended 31 December 2022 and is entitled to a preferential tax rate of 0% for the first two years of being qualified and 12.5% for the next three years. As a result of the accreditation, Vintelligence Beijing received a tax refund in relation to corporate income tax paid during the year ended 31 December 2023 of HK\$20,695,000 and recognised an over-provision for income tax expense of HK\$71,322,000, which was calculated at the applicable tax rate of 15% when Vintelligence Beijing was qualified as HNTE during the year ended 31 December 2022, in the consolidated income statement for the year ended 31 December 2023.

In July 2023, the Chinese tax authority published the version 2.0 of the policy implementation guidelines for research and development (“R&D”) expenditures super deduction (“Guidelines 2.0”), which provided additional clarity on the different kinds of R&D expenses that are eligible for deductions, as well as more details on the types of activity that are deemed to be R&D. In view of the more stringent requirements and implementation measures in granting the preferential tax rate of SICE resulted from Guidelines 2.0, management applied the corporate income tax rate of 15% for the year ended 31 December 2023 when Vintelligence Beijing was qualified as HNTE.

In May 2024, Vintelligence Beijing continued to be accredited as SICE with the second effective period being the year ended 31 December 2023 and is entitled to a preferential tax rate of 0%. During the year ended 31 December 2024, Vintelligence Beijing received a tax refund in relation to corporate income tax paid during the year ended 31 December 2023 of HK\$20,524,000 and recognised an over-provision for income tax expense of HK\$23,004,000, which was calculated at the applicable tax rate of 15% when Vintelligence Beijing was qualified as HNTE during the year ended 31 December 2023, in the consolidated income statement for the year ended 31 December 2024.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December	
	2024	2023
Profit attributable to the owners of the Company (<i>HK\$'000</i>)	157,605	463,432
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (<i>thousands shares</i>)	2,753,405	2,745,494
Basic earnings per share attributable to the owners of the Company (<i>HK\$ per share</i>)	0.057	0.169

(b) Diluted

Diluted earnings per share is calculated by adjusting the net profit and the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive shares.

For the year ended 31 December 2024, the Group has three categories (2023: three) of potentially dilutive shares: share options issued by an associated company – PAX Global Technology Limited (“PAX Global”), share options issued by a subsidiary – VBill OPCO and share options issued by a subsidiary – Shenzhen Hi Sun FinTech Global Limited (“Shenzhen Hi Sun”) (2023: share options issued by PAX Global, share options issued by a subsidiary – VBill OPCO and a written put option liability issued by VBill Limited (“VBill (Cayman)”).

For the year ended 31 December 2024, the exercise of the outstanding share options in PAX Global, VBill OPCO and Shenzhen Hi Sun (2023: PAX Global and VBill OPCO) would have a dilutive effect. The exercise of the share options in PAX Global, VBill OPCO and Shenzhen Hi Sun (2023: PAX Global and VBill OPCO) would be dilutive if the net profit attributable to the owners of the Company will decrease. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual fair value of the associated company’s shares and the subsidiaries’ shares (2023: the associated company’s shares and the subsidiary’s shares) based on the monetary value of the subscription rights attached to outstanding share options of PAX Global, VBill OPCO and Shenzhen Hi Sun (2023: PAX Global and VBill OPCO). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options of PAX Global, VBill OPCO and Shenzhen Hi Sun (2023: PAX Global and VBill OPCO).

For the year ended 31 December 2023, the calculation of diluted earnings per share does not assume the exercise of the written put option liability issued by VBill (Cayman) as it would have an anti-dilutive impact to the basic earnings per share.

	For the year ended	
	31 December	
	2024	2023
Profit attributable to the owners of the Company (<i>HK\$’000</i>)	157,605	463,432
Assuming exercise of all outstanding dilutive share options issued by PAX Global (<i>HK\$’000</i>)		
– Decrease in share of profit of an associated company	(3,402)	(7,837)
– Loss on dilution of an associated company	(95,706)	(86,790)
Assuming exercise of all outstanding dilutive share options issued by VBill OPCO (<i>HK\$’000</i>)		
– Decrease in profit attributable to the owners of the Company	(50)	(2,664)
Assuming exercise of all outstanding dilutive share options issued by Shenzhen Hi Sun (<i>HK\$’000</i>)		
– Decrease in profit attributable to the owners of the Company	(80)	–
Adjusted profit attributable to the owners of the Company used to determine diluted earnings per share (<i>HK\$’000</i>)	<u>58,367</u>	<u>366,141</u>
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme for diluted earnings per share (<i>thousands shares</i>)	<u>2,753,405</u>	<u>2,745,494</u>
Diluted earnings per share attributable to the owners of the Company (<i>HK\$ per share</i>)	<u>0.021</u>	<u>0.133</u>

8 DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: Nil).

9 LOAN RECEIVABLES

Loan receivables are amounts due from customers in the ordinary course of the fintech services business and primarily denominated in RMB.

(a) Aging analysis of loan receivables

The aging analysis of loan receivables based on the payment due date is as follows:

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Current	1,780,001	1,498,174
1 to 3 months past due	–	72,032
Over 3 months past due	152,868	112,255
	<u>1,932,869</u>	<u>1,682,461</u>
Loan receivables, gross	1,932,869	1,682,461
Less: provision for impairment of loan receivables	(147,731)	(145,827)
	<u>1,785,138</u>	<u>1,536,634</u>

The analysis of changes in the gross carrying amount and the corresponding provision for impairment of loan receivables in relation to loan receivables are as follows:

	As at 31 December 2024			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Loan receivables	1,780,001	–	152,868	1,932,869
Less: Provision for impairment of loan receivables	(8,247)	–	(139,484)	(147,731)
Loan receivables, net	<u>1,771,754</u>	<u>–</u>	<u>13,384</u>	<u>1,785,138</u>
	As at 31 December 2023			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Loan receivables	1,498,174	72,032	112,255	1,682,461
Less: Provision for impairment of loan receivables	(11,751)	(30,754)	(103,322)	(145,827)
Loan receivables, net	<u>1,486,423</u>	<u>41,278</u>	<u>8,933</u>	<u>1,536,634</u>

(b) Effective interest rates on loan receivables

As at 31 December 2024, the total number of borrowers of the fintech services business was 20,830 (2023: 69,818). The effective interest rates on the loan receivables are normally 4% to 24% per annum (2023: same). As at 31 December 2024, the gross amount of loan receivables was approximately HK\$1,932,869,000 (2023: HK\$1,682,461,000), comprising gross loan receivables of approximately HK\$52,458,000 (2023: HK\$302,372,000) and HK\$1,880,411,000 (2023: HK\$1,380,089,000) under the micro-lending business and the supply-chain financing business respectively. Among the gross amount of loan receivables, approximately HK\$88,973,000 (2023: HK\$136,400,000) was guaranteed. The gross amount of the loan receivables from the five largest borrowers, which were all from supply chain financing business, was approximately HK\$310,236,000 (2023: HK\$210,200,000), representing approximately 16.1% (2023: 12.5%) of the gross loan receivables and approximately 2.6% (2023: 1.6%) of the total assets of the Group as at 31 December 2024.

10 INVESTMENTS IN ASSOCIATED COMPANIES

The balance recognised in the consolidated balance sheet is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Associated companies:		
– PAX Global (<i>Note (a)</i>)	3,090,237	3,046,010
– Megahunt Technologies Inc (“Megahunt”) (<i>Note (b)</i>)	322,878	529,835
– Beijing Fangyun Technology Co., Ltd (“Beijing Fangyun”) (<i>Note (c)</i>)	–	–
– Beijing Zhongjin Yunchuang Software., Ltd (“Beijing Zhongjin”) (<i>Note (d)</i>)	23,746	24,489
– Beijing Suiyun Technology Co., Ltd (“Beijing Suiyun”)	2,549	2,644
– Shenzhen Guofu Yunlian Technology Co., Ltd (“Shenzhen Guofu”)	3,152	3,272
– Cloopen (<i>Note (e)</i>)	–	–
– Changsha Jiehang Diansansan Shuzi Technology Limited (“Diansansan”) (<i>Note (f)</i>)	–	–
	3,442,562	3,606,250

The amount of share of results recognised in the consolidated income statement is as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Associated companies:		
– PAX Global (<i>Note (a)</i>)	242,855	390,321
– Megahunt (<i>Note (b)</i>)	(29,698)	15,971
– Beijing Zhongjin (<i>Note (d)</i>)	31	(3,284)
– Beijing Suiyun	(11)	(58)
– Shenzhen Guofu	(17)	(1)
	213,160	402,949

The amount of gain on deemed acquisition and dilution of interest recognised in the consolidated income statement is as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Associated company:		
– PAX Global (<i>Note (a)</i>)	4,906	1,973

(a) Investment in PAX Global

Set out below is an associated company of the Group as at 31 December 2023 and 2024, which, in the opinion of the directors, is material to the Group – PAX Global. PAX Global has share capital consisting solely of ordinary shares, which are held directly by the Group; its principal places of business are in the PRC, Hong Kong, the United States of America and Italy.

Name	Place of incorporation and kind of legal entity	Particular of issued share capital	Nature of relationship	Effective interest held	Measurement method
PAX Global (Note i)	Bermuda, limited liability company	1,061,704,000 (2023: 1,070,214,000) ordinary shares of HK\$0.1 each	Associated company	34.29% (2023: 34.01%)	Equity method

On 20 December 2010, as a result of the Group's spinoff of PAX Global to be separately listed on the Stock Exchange, PAX Global became an associated company of the Group. On the date when control ceased, the Group's retained interest in PAX Global was fair valued, and this give rise to the recognition of goodwill being the difference between the fair value of the investment in PAX Global and its share of net identifiable assets value of PAX Global. As at 31 December 2024, difference between the carrying value of the investment in PAX Global and its share of net assets value of PAX Global mainly included goodwill of HK\$530,420,000 (2023: HK\$530,420,000) and adjustments to eliminate unrealised profits and losses on transactions between the Group and PAX Global.

The movement on interest in PAX Global is as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
At 1 January	3,046,010	2,846,550
Share of profit	242,855	390,321
Share of other comprehensive loss	(41,587)	(44,180)
Share of other reserves	10,559	(73)
Gain/(loss) on deemed acquisition and dilution of interest, net (<i>Note ii</i>)	3,480	(1,008)
Dividend received	(171,080)	(145,600)
	<u>3,090,237</u>	<u>3,046,010</u>
At 31 December	<u>3,090,237</u>	<u>3,046,010</u>

Impairment test for interest in PAX Global

As at 31 December 2024, the fair value of the investment calculated based on the current bid price of PAX Global at the balance sheet date is less than its carrying value. An impairment test is performed to determine the recoverable amount of the investment. The recoverable amount, which was assessed by an independent valuer on a value-in-use basis calculated by a discounted cash flow model, exceeds the carrying value as at 31 December 2024.

There are no contingent liabilities and commitments to provide funding relating to the Group's interest in PAX Global (2023: same).

Note i: PAX Global is principally engaged in the development and sales of electronic funds transfer point-of-sales ("E-payment Terminals") products, provision of maintenance and installation services (collectively, the "E-payment Terminals solution business").

Note ii: During the year ended 31 December 2024, PAX Global repurchased a total of 10,388,000 ordinary shares (2023: 13,759,000) on the Stock Exchange, of which 10,388,000 (2023: 13,355,000) ordinary shares were subsequently cancelled during the year. Certain employees of PAX Global exercised their share options granted pursuant to a share option scheme set up on 2 May 2019. A gain on deemed acquisition and dilution of interest of an associated company of HK\$4,906,000 (2023: HK\$1,973,000) (which includes a release of reserve credited (2023: credited) to the consolidated income statement of HK\$1,426,000 (2023: HK\$2,981,000)) were recognised in the consolidated income statement. The Group's interest in PAX Global increased from 34.01% to 34.29% accordingly.

(b) Investment in Megahunt

The Group accounts for its interests in Megahunt as an investment in an associated company initially at fair value and will share the results of Megahunt as an investment in an associated company using the equity method.

As disclosed in the interim report for the period ended 30 June 2024, the application for listing of Megahunt on the Science and Technology Innovation Board of the Shanghai Stock Exchange had been withdrawn in light of the strategic planning of Megahunt and the recent capital market environment. In view of this, management prepared an impairment assessment on the investment in Megahunt as at 30 June 2024.

The recoverable amount of Megahunt had been determined based on the higher of the fair value less cost of disposal and value-in-use. The recoverable amount of Megahunt as at 30 June 2024 was HK\$342,597,000 based on the fair value less costs of disposal calculation determined under a market approach performed by an independent professional valuer, which is lower than its carrying amount. The shortfall of HK\$141,307,000 was recognised as impairment of investment in an associated company in the consolidated income statement for the period then ended. Management has determined the enterprise value to sales multiple of 2.56 and the discount for lack of marketability of 20.5% as at 30 June 2024 to be the key assumptions.

As at 31 December 2024, an impairment test is performed to determine the recoverable amount of the investment. The recoverable amount, which was assessed by an independent valuer on a value-in-use basis calculated by a discounted cash flow model, exceeds the carrying value as at 31 December 2024.

(c) Investment in Beijing Fangyun

As at 31 December 2024, the Group holds 23.1% (2023:23.1%) equity interest in Beijing Fangyun, which is principally engaged in the provision of business analysis services. The interest in Beijing Fangyun was initially measured at cost. The carrying amount was increased or decreased to recognise the Group's share of the profit or loss and movements in other comprehensive income or loss of the interest in Beijing Fangyun to the extent the carrying amount of the interest in Beijing Fangyun reduced to nil due to losses, after the initial recognition. As at 31 December 2024, the Group's share of losses of Beijing Fangyun exceeded its interest in the ordinary shares of Beijing Fangyun. As at 31 December 2024, the unrecognised share of loss of the interests in Beijing Fangyun is HK\$2,947,000 (2023: HK\$3,086,000).

(d) Investment in Beijing Zhongjin

As at 31 December 2024, the Group holds 20% (2023: 20%) equity interest in Beijing Zhongjin, which is principally engaged in the provision of fintech services. A representative from the Group has been appointed to serve on the board of directors of Beijing Zhongjin. The Group accounted for its interest in Beijing Zhongjin as an investment in an associated company using the equity method.

(e) Investment in Cloopen

As at 31 December 2024, the Group holds 55,677,341 (2023: 55,677,341) Class A ordinary shares of Cloopen, which is principally engaged in the provision of cloud-based communications solutions service. During the year ended 31 December 2023, two of the Group's representatives were appointed to serve on the board of directors of Cloopen. Upon the appointment effective from 30 November 2023, the Group ceased to recognise its interest in Cloopen as FVOCI. On the same date, the Group accounted for its interest in Cloopen as an investment in an associated company using the equity method going forward.

(f) Investment in Diansansan

As disclosed in Note 13(b), Diansansan ceased to be a subsidiary of the Company and was accounted for as an associated company of the Company. Consequently, the financial results of Diansansan will no longer be consolidated into the consolidated financial statements of the Group and its assets and liabilities will be deconsolidated from the Group's consolidated financial statements. The Group accounts for its interests in Diansansan as an investment in an associated company initially at fair value and will share the results of Diansansan as an investment in an associated company using the equity method going forward.

11 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	189,586	187,243
Bills receivables (<i>Note (b)</i>)	–	5,830
Less: provision for impairment of trade receivables (<i>Note (c)</i>)	<u>(3,864)</u>	<u>(16,018)</u>
	<u>185,722</u>	<u>177,055</u>

The carrying amounts approximate their fair values. The carrying amounts of the trade and bills receivables are denominated in the following currencies:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	30,290	12,880
RMB	134,359	139,285
US\$	13,530	22,946
Macanese pataca (“MOP”)	7,422	1,920
Singapore dollar (“SGD”)	<u>121</u>	<u>24</u>
	<u>185,722</u>	<u>177,055</u>

Notes:

(a) Trade receivables

The Group’s credit terms to trade debtors normally range from 0 to 180 days. The ageing analysis of the trade receivables primarily based on invoice date was as follows:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	164,853	145,541
91 to 180 days	16,135	13,989
181 to 365 days	2,810	3,463
Over 365 days	<u>5,788</u>	<u>24,250</u>
	<u>189,586</u>	<u>187,243</u>

As at 31 December 2023, trade receivables included retention money receivables of HK\$3,191,000, which represents approximately 10% to 20% of the relevant contract sum granted to certain customers in the PRC that have a retention period of normally one year. As at 31 December 2023, the retention money receivables aged over 365 days primarily based on invoice date amounted to HK\$1,337,000.

There were no retention money receivables as at 31 December 2024.

(b) Bills receivables

The balance represents bank acceptance notes with maturity dates within six months. The maturity profile of the bills receivables of the Group is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Falling within 90 days	–	588
Falling within 91 to 180 days	–	5,242
	<u>–</u>	<u>5,830</u>
	<u>–</u>	<u>5,830</u>

(c) Impairment and risk exposure

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group measures the ECL at a combination of both individual and collective basis.

Movement on the provision for impairment of trade receivables are as follows:

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
At 1 January	16,018	16,497
Credit impairment loss	2,867	1,806
Written off	(5,379)	(2,106)
Disposal of subsidiaries	(9,599)	–
Exchange realignment	(43)	(179)
	<u>3,864</u>	<u>16,018</u>
At 31 December	<u>3,864</u>	<u>16,018</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

12 TRADE AND BILLS PAYABLES, PAYABLES FOR PAYMENT AND DIGITAL SERVICES BUSINESS AND OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade payables (<i>Note (a)</i>)	427,433	596,415
Payables for payment and digital services business (<i>Note (b)</i>)	2,623,537	3,591,920
Other payables and accruals (<i>Note (c)</i>)	925,445	932,745
	<u>3,976,415</u>	<u>5,121,080</u>

Trade payables, payables for payment and digital services business and other payables and accruals are denominated in the following currencies:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
HK\$	86,850	75,176
RMB	3,540,065	4,808,511
US\$	273,062	179,087
JPY	18,545	10,337
EUR	36,966	28,692
GBP	13,565	13,823
SGD	1,094	1,341
Others	6,268	4,113
	<u>3,976,415</u>	<u>5,121,080</u>

Notes:

(a) Trade payables

As at 31 December 2024 and 2023, the ageing analysis of the trade payables primarily based on invoice date was as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current to 90 days	422,633	318,313
91 to 180 days	148	110,708
181 to 365 days	14	156,504
Over 365 days	4,638	10,890
	<u>427,433</u>	<u>596,415</u>

The credit period granted by the suppliers ranges from 0 to 180 days.

(b) Payables for payment and digital services business

Payables for payment and digital services business mainly represent payment received from the relevant banks and financial institutions on behalf of the merchants. The amounts are required to be settled with merchants upon the respective contractual settlement clearance dates.

(c) Other payables and accruals

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current portion		
Accrued staff costs and pension obligations	223,907	256,214
Deposits	33,667	35,154
Receipt in advance from customers (<i>Note i</i>)	27,382	24,023
Deposits from business channel partners	445,864	424,893
Others	193,934	192,461
	<u>924,754</u>	<u>932,745</u>
Non-current portion		
Other payables	<u>691</u>	<u>–</u>
	<u>925,445</u>	<u>932,745</u>

Note:

- (i) A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under other payables and accruals as receipt in advance from customers in the consolidated balance sheet.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liability balance at the beginning of the year amounted to HK\$22,079,000 (2023: HK\$40,177,000).

13 DISPOSALS OF SUBSIDIARIES

(a) **Disposal of Hangzhou PAX Electronic Technology Ltd. (“Hangzhou Electronic”) and 杭州富順信息技術有限公司 (“Hangzhou Fushun”)**

On 7 July 2024, Hangzhou Electricity Technology Limited (an indirect wholly-owned subsidiary of the Company) and Pacific Sheen International Limited (an indirect wholly-owned subsidiary of the Company) entered into a share transfer agreement with Zhejiang Haochao Technology Co., Ltd., a third party purchaser, in relation to the disposal of the entire equity interests in the Hangzhou Electronic and Hangzhou Fushun, two indirect wholly-owned subsidiaries of the Company, at a total cash consideration of approximately RMB41,600,000 (equivalent to approximately HK\$45,020,000). The share transfers of Hangzhou Electronic and Hangzhou Fushun were completed and upon which Hangzhou Electronic and Hangzhou Fushun ceased to be subsidiaries of the Company on 10 July 2024 and 28 August 2024, respectively.

	At dates of disposal HK\$'000
Consideration	45,020
<i>Less:</i> Net assets disposed of:	
Property, plant and equipment	14,659
Right-of-use assets	7,625
Intangible assets	6
Inventories	22,334
Other financial assets at amortised cost	540
Other current assets	4,120
Trade and bills receivables	7,435
Cash and cash equivalents	14,653
Trade payables	(42,810)
Other payables and accruals	(21,278)
Deferred tax liabilities	(9)
	<hr/>
	7,275
<i>Add:</i> Release of exchange reserve upon disposal	<hr/> 63,331
	<hr/>
Gains on disposal of Hangzhou Electronic and Hangzhou Fushun recognised in consolidated income statement	<hr/> <hr/> 101,076

In the consolidated cash flow statement for the year ended 31 December 2024, net cash inflow from disposal of Hangzhou Electronic and Hangzhou Fushun of HK\$30,367,000 represents proceeds received of HK\$45,020,000 less cash and cash equivalent disposed of HK\$14,653,000.

(b) **Disposal of Diansansan**

Beijing Tianque Technology Limited (“Beijing Tianque”) (an indirect wholly-owned subsidiary of the Company, Changsha Yuan Wang Software Technology Limited, an existing shareholder of Diansansan (an indirect partially-owned subsidiary of the Company), which is principally engaged in provision of payment and digital services (collectively the “Existing Shareholders”), Zhou Zhen, Ma Da and Zhao Qun (collectively the “New Investors”) and Diansansan entered into a capital injection agreement (the “Capital Injection Agreement”), pursuant to which, the New Investors had agreed to subscribe for an aggregate of approximately 30% of the enlarged registered capital of Diansansan at subscription price of RMB1,400,000 (equivalent to HK\$1,520,000). Upon the completion of the Capital Injection Agreement, the Group’s interest in Diansansan decreased from 70% to 49%. Diansansan ceased to be a subsidiary of the Company and was accounted for as an associated company of the Company. Consequently, the financial results of Diansansan will no longer be consolidated into the consolidated financial statements of the Group and its assets and liabilities will be deconsolidated from the Group’s consolidated financial statements. The Group accounts for its interests in Diansansan as an investment in an associated company initially at fair value and will share the results of Diansansan as an investment in an associated company using the equity method going forward.

	At date of disposal HK\$’000
Consideration	–
<i>Less:</i> Net assets disposed of:	
Property, plant and equipment	33
Right-of-use assets	639
Intangible assets	2,525
Other financial assets at amortised cost	190
Other current assets	683
Trade and bills receivables	8
Cash and cash equivalents	397
Other payables and accruals	(348)
Lease liabilities	(665)
	<hr/>
	3,462
<i>Less:</i> Non-controlling interest disposed of	(3,999)
<i>Less:</i> Release of exchange reserve upon disposal	(389)
	<hr/>
Loss on disposal of Diansansan recognised in consolidated income statement	<u><u>(7,850)</u></u>

In the consolidated cash flow statement for the year ended 31 December 2024, net cash outflow from disposal of Diansansan of HK\$397,000 represents cash and cash equivalent disposed of HK\$397,000.

(c) **Disposal of Qumaimai (Shenzhen) Network Technology Company Limited**

On 15 June 2023, the Group disposed of its 100% equity interests in Qumaimai (Shenzhen) Network Technology Company Limited (“Qumaimai”) to a third party at the consideration of RMB1 (equivalent to HK\$1) upon which the Group lost its control over Qumaimai.

	At date of disposal HK\$'000
Consideration	
Proceeds received	–*
<i>Less:</i> Net liabilities disposed of	2,262
<i>Add:</i> Release of exchange reserve upon disposal	<u>1,015</u>
Disposal of Qumaimai recognised in consolidated income statement	<u><u>3,277</u></u>

* *The balance represents an amount less than HK\$1,000.*

In the consolidated cash flow statement for the year ended 31 December 2023, net cash outflow from disposal of Qumaimai of HK\$231,000 represents proceeds received of HK\$1, less cash and cash equivalent disposed of HK\$231,000.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the year ended 31 December 2024.

DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles (the "Principles") and code provisions (the "Code Provisions") in the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules.

In formulating and implementing its corporate governance practices and standards, the Company has applied the Principles and complied with all applicable Code Provisions for the year ended 31 December 2024.

The Board periodically reviews and monitors the Company's policies and practices on corporate governance or compliance with legal and regulatory requirements and employees' compliance manual to ensure that the Group's operations are conducted in accordance with the standards of the CG Code and applicable disclosure requirements. Directors and senior management are provided with appropriate ongoing training, continuing professional development for regular updates of the legal and regulatory requirements relevant to their duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a written code regulating Directors' and senior management's securities transactions, on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry had been made to all Directors and the Directors have confirmed that they have complied with the Model Code and the Group's code regarding securities transactions by Directors throughout the year and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

SUBSEQUENT EVENT

Grant of options under the VBill (Cayman) Share Options Scheme

On 7 March 2025, the board of directors of VBill (Cayman) resolved to grant options (the “VBill (Cayman) Options”) to 9 eligible participants (the “Grantees”) pursuant to the VBill (Cayman) Share Option Scheme as adopted on 12 June 2023 (the “Grant”). Such Grant is conditional upon the Shareholders’ approval at the special general meeting to be held on 28 March 2025 (the “SGM”).

A total of 2,401 VBill (Cayman) Options, representing approximately 29.998% of the issued share capital of VBill (Cayman) as at the adoption date of the VBill (Cayman) Share Options Scheme and also the date of grant if exercised in full, were conditionally granted to the Grantees, including (i) Mr. Xu Wensheng, Mr. Li Wenjin, Mr. Xu Changjun and Ms. Hui Lok Yan, each an executive Director; (ii) Mr. Chen Dong, the senior vice president of the Company; and (iii) Mr. Shen Zheng, Mr. Li Bing, Mr. Xue Guanyu and Ms. Ge Xiaoxia (collectively the “Relevant Grantees”), being the directors and/or supervisors of members of VBill (Cayman) Group and/or the Group.

Each VBill (Cayman) Option shall entitle the Grantees to subscribe for one share of VBill (Cayman) at a subscription price (i.e. exercise price) of HK\$235,000, representing a premium of approximately 0.4% over the unaudited consolidated net asset value of VBill (Cayman) as at 30 September 2024 (excluding the amount attributable to the non-controlling interest in the VBill (Cayman) Group).

Approximately 40%, 30% and 30% of the VBill (Cayman) Options shall vest on the first, second and third anniversary of the date of grant respectively, and are exercisable immediately upon vesting and until 7 March 2034 in single or multiple tranches.

Although there is no performance target attached to the VBill (Cayman) Options, the VBill (Cayman) Options (to the extent unvested or vested but not exercised) granted shall be subject to the clawback mechanism, including but not limited to events such as fraud, misconduct and termination of employment of the Grantee.

Since the Grant to each Grantee exceeds the 1% individual limit (as defined in the Listing Rules) and to the Grantees in aggregate exceeds the 10% scheme mandate limit (as defined in the Listing Rules), the Grant is subject to the Shareholders’ approval at the SGM.

Pursuant to the Listing Rules, options granted under a share scheme must be personal to the grantee and may not be transferred or assigned. To facilitate a compliant structure for the Relevant Grantees, all being PRC nationals, to exercise the options and subsequently hold the shares of VBill (Cayman), the Company has applied for a waiver and the Stock Exchange has granted a waiver pursuant to the note to Rule 17.03(17) of the Listing Rules in respect of the Relevant Grantees’ assignment of their VBill (Cayman) Options to their respective companies incorporated in the British Virgin Islands (the “BVI Cos”).

To uphold the integrity of the VBill (Cayman) Share Option Scheme and ensure that it continues to meet its purpose while allowing the aforesaid assignment such that the Relevant Grantees can obtain the benefits of their equity interest in VBill (Cayman), the Company has imposed and adopted special conditions and measures to safeguard the interest of the Shareholders, including without limitation, restricting the legal and beneficial ownership of the BVI Cos throughout the exercise period, requiring the Relevant Grantees to prove their legal and beneficial ownership, and issuing announcement to update the Shareholders in the event of change of legal and beneficial ownership of the BVI Cos.

Further details can be found in the Company's announcement and circular both dated 7 March 2025.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the Company's website at www.hisun.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The Annual Report 2024 will be available on the above websites in due course.

By Order of the Board
Hi Sun Technology (China) Limited
Hui Lok Yan
Executive Director and Company Secretary

Hong Kong, 20 March 2025

As at the date of this announcement, the Board consists of five Executive Directors, namely, Mr. Xu Wensheng, Mr. Kui Man Chun, Mr. Li Wenjin, Mr. Xu Changjun and Ms. Hui Lok Yan; and three Independent Non-Executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Li Heguo.