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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF SUBSIDIARIES

This is a voluntary announcement made by the Company to keep the Shareholders and potential investors of the Company informed of the latest business development of the Group.

The Board announces that on 7 July 2024, the Vendors, two indirect wholly-owned subsidiaries of the Company, entered into, inter alia, the Share Transfer Agreement with the Purchaser in relation to the disposal of the entire equity interests in the Disposal Companies, two indirect wholly-owned subsidiaries of the Company, at the consideration of approximately RMB41.6 million (approximately HKD44.5 million).

Following Completion, the Disposal Companies will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the Company's consolidated financial statements. As the Disposal Companies are principally engaged in the manufacturing and sales of electronic power meters and related solutions in the PRC, the Group will cease its electronic power meters and solutions business accordingly.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are below 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

* *For identification purpose only*

Major terms of the Share Transfer Agreement are set out below.

THE SHARE TRANSFER AGREEMENT

Date : 7 July 2024

Parties

Vendors : (1) Hangzhou Electricity (an indirect wholly-owned subsidiary of the Company); and
(2) Pacific Sheen (an indirect wholly-owned subsidiary of the Company)

Purchaser : Zhejiang Haochao

Subject matter : Disposal of the entire equity interests in Hangzhou Electronic and Hangzhou Fushun (collectively as Disposal Companies)

Consideration : A total of approximately RMB41.6 million (approximately HKD44.5 million), payable in cash on or before Completion, comprising of approximately:–

- (1) RMB21.6 million (approximately HKD23.1 million) for the disposal of Hangzhou Electronic; and
- (2) RMB20.0 million (approximately HKD21.4 million) for the disposal of Hangzhou Fushun

The consideration was determined after arm's length negotiation with reference to, among others, (i) the Group's business and strategic development plans and the future prospects of the Disposal Companies; (ii) the financial position of the Disposal Companies, in particular the unaudited combined net asset value at approximately RMB10.3 million (approximately HKD11.0 million) as at 31 May 2024 (further adjusted by the capitalisation of certain inter-company liabilities) and other profitability metrics; and (iii) the strategic benefits and future prospects of the Disposal Companies envisaged by the Purchaser.

Completion

Completion shall take place upon the Purchaser's payment of the consideration in full and within three (3) business days from the date on which all conditions precedent have been satisfied or waived, and in any event shall take place no later than 31 December 2024 (or such date as the Vendors and the Purchaser may agree in writing).

INFORMATION ON THE GROUP, THE VENDORS AND THE DISPOSAL COMPANIES

The Group is principally engaged in the provision of payment and digital services, fintech services, platform operation solutions and financial solutions.

Each of the Vendors, being Hangzhou Electricity and Pacific Sheen, is an investment holding company and an indirect wholly-owned subsidiary of the Company.

Hangzhou Electronic (direct wholly-owned subsidiary of Hangzhou Electricity) is principally engaged in the research and development, manufacturing and sales of electronic power meters, and the provision of related solutions in the PRC. Hangzhou Fushun (direct wholly-owned subsidiary of Pacific Sheen) is principally engaged in the research and development and provision of application software for electronic power meters, on-site electricity management, and service terminal systems.

INFORMATION ON THE PURCHASER

Zhejiang Haochao is a company incorporated in the PRC and is principally engaged in the intelligent power transmission and control equipment business.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are independent of the Company and its connected persons (as defined under the Listing Rules) and the Disposal does not constitute a connected transaction under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Having considered the Group's business and development plans and the financial performance of the Disposal Companies, the Board is of the view that:–

1. the Disposal will streamline operations and enable the Group to optimise the allocation of its resources to refocus on its principal businesses and explore other business opportunities; and
2. the Disposal is expected to reduce the ongoing loss of the Disposal Companies and improve the overall financial performance of the Group, ultimately enhancing shareholders' values.

Based on the above, the Directors consider that the terms and conditions of the Disposal are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Following Completion, each of the Disposal Companies will cease to be a subsidiary of the Company.

It is expected that the Group will record an unaudited accounting gain as a result of the Disposal, being the difference of the net proceeds from the Disposal and the unaudited combined net assets value of the Disposal Companies and a release of reserve upon the Disposal reclassified from equity to profit on the Disposal. Nevertheless, Shareholders should note that the exact financial effect of the Disposal is subject to the review of the auditors of the Company.

The Board intends to use the net proceeds arising from the Disposal as general working capital of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“business day(s)”	any day other than a Saturday or Sunday or public holiday in Hong Kong and the PRC
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock code: 818)
“Completion”	the completion of the Disposal as contemplated under the Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interests in the Disposal Companies pursuant to the terms and conditions of the Share Transfer Agreement
“Disposal Companies”	collectively Hangzhou Electronic and Hangzhou Fushun
“Group”	the Company and its subsidiaries as at the date of this announcement
“Hangzhou Electronic”	Hangzhou PAX Electronic Technology Ltd. (杭州百富電子技術有限公司), a company incorporated in the PRC with limited liability
“Hangzhou Electricity”	Hangzhou PAX Electricity Technology Ltd. (杭州百富電力技術有限公司), a company incorporated in the PRC with limited liability
“Hangzhou Fushun”	杭州富順信息技術有限公司 (unofficial English translation being Hangzhou Fushun Information Technology Co., Ltd.), a company incorporated in the PRC with limited liability
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser” or “Zhejiang Haochao”	Zhejiang Haochao Technology Co., Ltd. (浙江浩潮科技有限公司), a company incorporated in the PRC with limited liability

“Pacific Sheen”	Pacific Sheen International Limited (富順國際有限公司), a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the share transfer agreement dated 7 July 2024 entered into between the Vendors and the Purchaser in respect of the Disposal
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	collectively Hangzhou Electricity and Pacific Sheen
“%”	per cent

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Hui Lok Yan
Executive Director and Company Secretary

Hong Kong, 7 July 2024

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HKD at the rate of RMB1 to HKD1.07. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the Board comprises 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.