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**Powerwin Tech Group Limited**

**力盟科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2405)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2024  
AND  
UPDATE IN EXPECTED TIMELINE FOR USE OF PROCEEDS**

The board (the “**Board**”) of directors (the “**Directors**”) of Powerwin Tech Group Limited (the “**Company**”) is pleased to announce the final results of the Company and its subsidiaries (together, the “**Group**”) for the year ended December 31, 2024 (the “**Annual Results**”), together with the comparative figures for the year ended December 31, 2023 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in US dollars (“USD”))

	Note	2024 USD'000	2023 USD'000
<b>Revenue</b>	2	<b>13,457</b>	21,504
Cost of sales		<u>(2,194)</u>	<u>(2,302)</u>
<b>Gross profit</b>		<b>11,263</b>	19,202
Marketing expenses		(468)	(496)
Administrative expenses		(4,109)	(5,024)
Expected credit losses on trade receivables		(735)	(1,454)
Other income		<u>477</u>	<u>306</u>
<b>Profit from operations</b>		<b>6,428</b>	12,534
Finance costs	3(a)	(6,004)	(4,146)
Changes in fair value of financial assets		<u>157</u>	<u>70</u>
<b>Profit before taxation</b>	3	<b>581</b>	8,458
Income tax	4(a)	<u>(37)</u>	<u>(1,273)</u>
<b>Profit for the year</b>		<b>544</b>	7,185
<b>Other comprehensive income for the year (after tax)</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial information of entities not using USD as functional currency		<u>33</u>	<u>77</u>
<b>Other comprehensive income for the year</b>		<b>33</b>	77
<b>Total comprehensive income for the year attributable to equity shareholders of the Company</b>		<b>577</b>	7,262
<b>Earnings per share</b>			
Basic and diluted (cents)	5	<u>0.07</u>	<u>0.96</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2024*

*(Expressed in USD)*

		<b>31 December 2024</b>	31 December 2023
	<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>67</b>	87
Right-of-use assets	6	<b>360</b>	838
Other non-current assets	7	<b>–</b>	1,000
Intangible assets	8	<b>2,036</b>	32
Financial assets measured at fair value through profit or loss		<b>4,627</b>	2,765
Deferred tax assets		<b>1,087</b>	1,099
		<b>8,177</b>	5,821
<b>Current assets</b>			
Trade and other receivables	9	<b>222,373</b>	197,602
Cash and cash equivalents		<b>34,393</b>	21,814
Prepaid income tax		<b>1,221</b>	–
		<b>257,987</b>	219,416
<b>Current liabilities</b>			
Trade and other payables	10	<b>129,032</b>	128,976
Contract liabilities		<b>4,071</b>	4,170
Bank loans	11	<b>100,638</b>	60,254
Lease liabilities		<b>326</b>	595
Current taxation		<b>13</b>	703
		<b>234,080</b>	194,698
<b>Net current assets</b>		<b>23,907</b>	24,718
<b>Total assets less current liabilities</b>		<b>32,084</b>	30,539

		<b>31 December 2024</b>	31 December 2023
	<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>
<b>Non-current liabilities</b>			
Bank loans	<i>11</i>	<b>1,920</b>	768
Lease liabilities		<b>69</b>	253
		<u><b>1,989</b></u>	<u>1,021</u>
<b>Net assets</b>		<u><b>30,095</b></u>	<u>29,518</u>
<b>CAPITAL AND RESERVES</b>	<i>12</i>		
Share capital		<b>8,000</b>	8,000
Reserves		<b>22,095</b>	21,518
<b>TOTAL EQUITY</b>		<u><b>30,095</b></u>	<u>29,518</u>

## NOTES

*(Expressed in USD unless otherwise indicated)*

### 1 BASIS OF PREPARATION

The preliminary financial information does not constitute the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 but is extracted from those financial statements.

#### (a) Statement of compliance

The Group’s consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “**functional currency**”). The functional currency of the Company and its subsidiaries outside Chinese mainland is US dollars (“**USD**”) and the functional currency of the subsidiaries in Chinese mainland is Renminbi.

As the major operations of the Group were denominated in USD, the consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets measured at fair value through profit or loss (“**FVPL**”) is stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amended HKFRSs do not have a material impact on the Group's financial statements.

## 2 REVENUE AND SEGMENT INFORMATION

### (a) Revenue

The principal activities of the Group are the provisions of cross-border digital marketing services and cross-border online-shop SaaS solutions.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by major services is as follows:

	2024 USD'000	2023 USD'000
<b>Cross-border digital marketing services</b>		
Standardized digital marketing	5,587	9,766
Customized digital marketing	3,132	6,959
SaaS-based digital marketing	<u>2,796</u>	<u>1,450</u>
	11,515	18,175
<b>Cross-border online-shop SaaS solutions</b>	<u>1,942</u>	<u>3,329</u>
	<u>13,457</u>	<u>21,504</u>
	2024 USD'000	2023 USD'000
Disaggregated by timing of revenue recognition		
– Point in time	11,515	18,175
– Over time	<u>1,942</u>	<u>3,329</u>
	<u>13,457</u>	<u>21,504</u>

**(b) Segment information**

For the years ended 31 December 2024 and 2023, the geographical information on the total revenue based on the location of the respective entities of the Group rendering of the services is as follows:

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Hong Kong	<b>13,456</b>	21,499
Chinese mainland	<u><b>1</b></u>	<u>5</u>
	<b>13,457</b>	<b>21,504</b>

The following table sets out information about the geographical locations of the Group's specified non-current assets. Specified non-current assets exclude financial assets at fair value through profit or loss and deferred tax assets. The geographical locations of the specified non-current assets are based on the physical locations or the location of operations of the assets.

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Hong Kong	<b>2,194</b>	1,576
Chinese mainland	<u><b>269</b></u>	<u>381</u>
	<b>2,463</b>	<b>1,957</b>

**3 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting):

**(a) Finance costs:**

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Interest on bank loans	<b>5,976</b>	4,107
Interest on lease liabilities	<u><b>28</b></u>	<u>39</u>
	<b>6,004</b>	<b>4,146</b>



**(b) Staff costs (including directors' emoluments):**

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Salaries, wages and other benefits	<b>3,393</b>	3,529
Retirement scheme contributions	<b>244</b>	217
	<b>3,637</b>	3,746

**(c) Other items:**

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Changes in fair value of financial assets	<b>(157)</b>	(70)
Auditors' remuneration	<b>316</b>	325
Listing expenses	–	1,147
Research and development costs ( <i>note (a)</i> )	<b>1,221</b>	1,134
Amortisation cost of intangible assets ( <i>note 8</i> )	<b>75</b>	8
Depreciation		
– property, plant and equipment	<b>29</b>	23
– right-of-use assets ( <i>note 6</i> )	<b>612</b>	505

*Note:*

- (a) Research and development costs include staff costs of employees in the research and development department, of which USD1,221,000 (2023: USD1,134,000) are included in the staff costs as disclosed above.

**4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
<b>Current tax</b>		
Provision for the year	<b>25</b>	1,513
	<b>25</b>	1,513
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>12</b>	(240)
	<b>37</b>	1,273

**(b) Reconciliation between tax expense and accounting profit at applicable tax rates:**

	<b>2024</b> <b>USD'000</b>	2023 USD'000
Profit before taxation	<u><b>581</b></u>	<u>8,458</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	<b>176</b>	1,368
Tax effect of non-deductible expenses	<b>31</b>	30
Tax effect of non-taxable income	<b>(105)</b>	(65)
Statutory tax concession	<u><b>(65)</b></u>	<u>(60)</u>
Actual tax expense	<u><b>37</b></u>	<u>1,273</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HKD 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

The statutory income tax rate for the subsidiaries in the PRC is 25%.

**5 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of USD544,000 (2023: USD7,185,000) and the weighted average of 800,000,000 ordinary shares (2023: 750,000,000 ordinary shares) in issue during the year, calculated as follows:

**Weighted average number of ordinary shares**

	<b>2024</b> <b>'000</b>	2023 '000
Issued ordinary shares at 1 January	<b>800,000</b>	1,000
Effect of the capitalisation issue ( <i>note 12(b)(i)</i> )	–	599,000
Effect of issue of ordinary shares by initial public offering ( <i>note 12(b)(ii)</i> )	<u>–</u>	<u>150,000</u>
Weighted average number of ordinary shares at 31 December	<u><b>800,000</b></u>	<u>750,000</u>

There were no dilutive potential ordinary shares for the years ended 31 December 2024 and 2023; therefore, diluted earnings per share are the same as basic earnings per share.

## 6 RIGHT-OF-USE ASSETS

	2024 USD'000	2023 USD'000
Net book value, as at 1 January	838	320
Additions	191	1,038
Lease modification	(31)	–
Disposals	(23)	(9)
Depreciation charge for the year	(612)	(505)
Exchange adjustments	(3)	(6)
	<u>360</u>	<u>838</u>
Net book value, as at 31 December		

## 7 OTHER NON-CURRENT ASSETS

	2024 USD'000	2023 USD'000
Prepayments for purchase of intangible assets	<u>–</u>	<u>1,000</u>

## 8 INTANGIBLE ASSETS

	2024 USD'000	2023 USD'000
Net book value, as at 1 January	32	41
Additions	2,080	–
Depreciation charge for the year	(75)	(8)
Exchange adjustments	(1)	(1)
	<u>2,036</u>	<u>32</u>
Net book value, as at 31 December		

## 9 TRADE AND OTHER RECEIVABLES

	2024 <i>USD'000</i>	2023 <i>USD'000</i>
Trade receivables-third parties	228,934	203,614
Less: loss allowance on trade receivables	<u>(7,378)</u>	<u>(6,643)</u>
	221,556	196,971
Amounts due from related parties	13	11
Amounts due from third parties	<u>804</u>	<u>620</u>
	<u>222,373</u>	<u>197,602</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group has entered into certain factoring arrangements with banks on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment within the debt grace period.

As at 31 December 2024, the amount of trade receivables under factoring arrangements was USD126,112,000 (2023: USD69,294,000).

### Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	2024 <i>USD'000</i>	2023 <i>USD'000</i>
Within 1 month	62,614	75,349
Over 1 month but within 2 months	64,694	50,445
Over 2 months but within 3 months	13,698	16,907
Over 3 months but within 6 months	17,404	15,960
Over 6 months but within 12 months	52,487	23,234
Over 12 months	<u>18,037</u>	<u>21,719</u>
	<u>228,934</u>	<u>203,614</u>

Trade debtors are due within 30 to 300 days from the date of billing.

## 10 TRADE AND OTHER PAYABLES

	2024 USD'000	2023 USD'000
Trade payables – third parties	128,459	128,361
VAT and other taxes payable	21	27
Payroll payable	265	324
Other payables and accruals	287	264
	<u>129,032</u>	<u>128,976</u>

All trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2024 USD'000	2023 USD'000
Within 1 month	62,236	52,784
Over 1 month but within 3 months	66,223	75,577
	<u>128,459</u>	<u>128,361</u>

## 11 BANK LOANS

(a) The analysis of the repayment schedule of bank loans is as follows:

	2024 USD'000	2023 USD'000
Within 1 year or on demand	100,638	60,254
After 1 year but within 2 years	221	285
After 2 years but within 5 years	260	483
After 5 years	1,439	-
Sub-total	<u>1,920</u>	<u>768</u>
Total	<u>102,558</u>	<u>61,022</u>

**(b) Assets pledged as security and covenants for bank loans**

As at 31 December 2024, the bank loans were secured as follows:

	<b>2024</b> <i>USD'000</i>	2023 <i>USD'000</i>
Secured bank loans	<b><u>102,558</u></b>	<u>61,022</u>

At 31 December 2024, bank loans of USD2,212,000 (31 December 2023: USD1,046,000) were guaranteed by the Company and secured by financial assets measured at fair value through profit or loss.

At 31 December 2024, bank loans of USD42,474,000 (31 December 2023: USD1,470,000) were secured by trade receivables according to the factoring arrangements (see note 9).

At 31 December 2024, bank loans of USD57,872,000 (31 December 2023: USD52,504,000) were guaranteed by the Company and secured by trade receivables according to the factoring arrangements (see note 9).

All of the Group's banking facilities are subject to the fulfilment of covenants, such as dividend payout ratio, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2024, none of the covenants relating to draw-down banking facilities had been breached.

**12 CAPITAL, RESERVES AND DIVIDENDS**

**(a) Dividends**

*(i) Dividends payable to equity shareholders of the Company attributable to the year*

No dividend was declared for the year ended 31 December 2024 (2023: nil).

*(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

No dividend was paid for the year ended 31 December 2024 (2023: USD1,298,000).

(b) Share capital

		2024		2023	
		No. of shares '000	USD'000	No. of shares '000	USD'000
Authorised:					
USD0.01 each share		<b>2,000,000</b>	<b>20,000</b>	2,000,000	20,000
		2024		2023	
		No. of shares '000	USD'000	No. of shares '000	USD'000
	Note				
Ordinary shares, issued and fully paid:					
At 1 January		<b>800,000</b>	<b>8,000</b>	1,000	10
Capitalisation issue	i	–	–	599,000	5,990
Issue of ordinary shares by initial public offering	ii	–	–	200,000	2,000
At 31 December		<b>800,000</b>	<b>8,000</b>	800,000	8,000

(i) Increase of the authorized share capital and capitalisation issue

On 3 March 2023, the authorized share capital of the Company was increased from USD50,000 divided into 5,000,000 shares of a par value of USD0.01 each to USD20,000,000 divided into 2,000,000,000 shares of a par value of USD0.01 each by the creation of an additional of 1,995,000,000 shares of a par value of USD0.01 each pursuant to the written resolutions passed by the then shareholders of the Company.

Pursuant to the written resolution passed by the shareholders of the Company on 3 March 2023, the directors of the Company were authorized to allot and issue 599,000,000 shares of USD0.01 each credited as fully paid at par to the shareholders by way of capitalisation of that sum standing to the credit of the share premium account of the Company.

(ii) *Issue of ordinary shares by initial public offering*

On 31 March 2023, the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 200,000,000 shares of USD0.01 each were issued and subscribed at a price of HKD0.70 each. The net proceeds from initial public offering amounted to USD15,943,000 (after offsetting listing expenses directly attributable to the issue of shares of USD1,892,000), out of which USD2,000,000 and USD13,943,000 were recorded in share capital and share premium accounts, respectively.

(c) **Share premium**

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

We are a cross-border digital marketing service provider in China. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities. Our cross-border digital marketing services consist of standardized, customized and SaaS-based solutions to address China-based marketers' needs for cross-border marketing endeavors. We also provide cross-border online-shop SaaS solutions which enable cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops.

### BUSINESS REVIEW

#### Cross-border Digital Marketing Services

Capitalizing on our deep understanding of marketers' evolving needs and prompted by the cross-border digital marketing spending along with the growing demand of China-based enterprises to expand overseas business, we had served more than 3,000 marketers as of December 31, 2024, covering a variety of industry verticals of e-commerce, online games and apps. We had, as of December 31, 2024, curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Meta, Google, X, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market.

Depending on marketers' needs and the depths of our services, our cross-border digital marketing services can be categorized into three service types, namely:

- **standardized digital marketing services**, mainly including basic services, such as procurement of media resources (being the ad inventories from the media publishers' platforms), opening and top-up of media accounts and implementation of marketing campaigns (without customized marketing strategies or optimization) on media publishers' platforms;

- **customized digital marketing services**, mainly including targeted marketing strategies and plans, marketing campaign content design, customized marketing campaign optimization, online shops optimization, campaign monitoring and management and execution of overall user acquisition; and
- **SaaS-based digital marketing services**, mainly including optimization and implementation of marketing campaigns in a more intelligent and automated manner through our Adorado SaaS platform, comprising a basic version mainly for small and medium-sized marketers and an advanced version mainly for large-scale marketers.

### **Cross-border Online-shop SaaS Solutions**

We provide cross-border online-shop SaaS solutions to customers through Powershoppy, our proprietary SaaS platform launched in November 2021 which serves cross-border e-commerce merchants in China for the set-up, operation and digital marketing of their own standalone online shops as opposed to online shops operated on third-party e-commerce platforms. We generate revenue from cross-border online-shop SaaS solutions by charging our customers: (i) a fixed amount of a monthly subscription fee for the use of our platform; and/or (ii) a commission representing a pre-determined percentage of the gross merchandise volume (“GMV”) generated by our customers through our Powershoppy platform.

### **EMPLOYEES AND REMUNERATION POLICY**

Our Group had 69 full-time employees as of December 31, 2024 (as of December 31, 2023: 86). Our staff cost, which is included in cost of sales, and the expenses of other staff in aggregate amounted to US\$3.6 million for the year ended December 31, 2024 (for the year ended December 31, 2023: US\$3.7 million). Employees’ remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with our Group’s remuneration policy, the employees’ position, performance, company profitability, industry level and market environment. The remuneration committee of our Company is responsible for reviewing and making recommendations to the Directors on the structure concerning remuneration of the Directors and senior management, having regard to our Group’s operating results, individual performance of the Directors and senior management and comparable market practices.

## OUTLOOK

Despite the escalating market competitions, our business on cross-border digital marketing and cross-border online-shop SaaS solutions are in growing trends as demonstrated through our growth in gross billing and positive feedbacks from our customers. Moving forward, we plan to further integrate AI technology, implement strategic initiatives, upgrading our Adorado and Powershopy platforms and enhancing customer experiences to sustain the growth of our business.

Furthermore, we will continue to explore additional and more extensive strategic partnerships that will enable us to capture new opportunities and expand our overseas market presence as well as marketer coverage. We are committed to aligning our resources effectively and operationally optimizing our processes to enable us to serve the growing China-based cross-border e-commerce as well as other customers going overseas.

## FINANCIAL REVIEW

### Revenue

Our revenue decreased by 37.4% to US\$13.5 million in 2024 from US\$21.5 million in 2023, primarily attributable to the intensifying competition in the digital marketing services. In order to maintain a competitive edge, the Group has reduced the account management fees charged from its customers since the start of 2024 and increased the rebate rates of certain of its customers.

#### *Revenue from cross-border digital marketing services*

- **Standardized digital marketing.** Revenue from standardized digital marketing services decreased by 42.8% to US\$5.6 million in 2024 from US\$9.8 million in 2023 as a result of the intensifying competition in the digital marketing services. In order to maintain a competitive edge, the Group has reduced the account management fees charged from its customers since the start of 2024 and increased the rebate rates of certain of its customers.
- **Customized digital marketing.** Revenue from customized digital marketing services decreased by 55.0% to US\$3.1 million in 2024 from US\$7.0 million in 2023, which was primarily attributable to the integration of the Group's customized digital marketing services and SaaS-based digital marketing services to increase intelligent delivery while reducing manual involvement. This has led to a shift in demand from customized digital marketing services to SaaS-based digital marketing services.

- **SaaS-based digital marketing.** Revenue from SaaS-based digital marketing services increased by 92.8% to US\$2.8 million in 2024 from US\$1.5 million in 2023. This increase was mainly due to the integration of the Group's customized digital marketing services and SaaS-based digital marketing services to increase intelligent delivery while reducing manual involvement. This has led to a shift in demand from customized digital marketing services to SaaS-based digital marketing services.

#### *Revenue from cross-border online-shop SaaS solutions*

Revenue from cross-border online-shop SaaS solutions decreased by 41.7% to US\$1.9 million in 2024 from US\$3.3 million in 2023, which was primarily due to the Group proactively reducing the commission price in light of the intense competition.

#### **Cost of Sales**

Our cost of sales decreased to US\$2.2 million in 2024 from US\$2.3 million in 2023, which was primarily attributable to the Group's staff structure optimization which has led to a decrease in staff cost.

#### **Gross Profit and Gross Profit Margin**

Our gross profit decreased by 41.3% to US\$11.3 million in 2024 from US\$19.2 million in 2023. The decrease was primarily due to the intensifying competition in the digital marketing services and the Group responded by rolling out certain promotional measures, which has led to a decrease in revenue. Our overall gross profit margin decreased to 83.7% in 2024 from 89.3% in 2023, which was mainly due to the rolling out of certain promotional measures in light of the intensifying competition as aforementioned which has led to a decrease in revenue. While the Group has also optimized its cost structure which has led to a decrease in cost of sales, the decrease in revenue outweighed the decrease in cost of sales.

#### **Marketing Expenses**

Our marketing expenses remained steady at US\$0.5 million in both 2023 and 2024.

#### **Administrative Expenses**

Our administrative expenses decreased to US\$4.1 million in 2024 from US\$5.0 million in 2023, as the Group no longer incurred listing expenses for the year ended December 31, 2024 in relation to the Group's initial public offering in March 2023.

### **Expected Credit Losses on Trade Receivables**

Our expected credit losses on trade receivables decreased to US\$0.7 million in 2024 from US\$1.5 million in 2023 as the Group's long-aged customers were actively making payments to the Group.

### **Finance Costs**

Our finance costs increased to US\$6.0 million in 2024 from US\$4.1 million in 2023. This increase was primarily due to (i) a greater demand for borrowing as a result of the Group's business development; and (ii) an increase in the market interest rate.

### **Income Tax**

Our income tax decreased to US\$0.04 million in 2024 from US\$1.3 million in 2023, which was primarily due to a decline in net profit. Our effective income tax rate was 15.1% and 6.4% in 2023 and 2024, respectively.

### **Profit for the Year**

As a result of the foregoing, our profit for the year decreased by 92.1% to US\$0.5 million in 2024 from US\$7.2 million in 2023. Our net profit margin decreased to 4.0% in 2024 from 33.4% in 2023.

### **Trade Receivables**

Our trade receivables increased to US\$228.9 million as of December 31, 2024 from US\$203.6 million as of December 31, 2023, which was primarily due to the continuous growth of cross-border e-commerce merchants based in China which has driven the demand for cross-border digital marketing services and the Group's gross billing. There were also longer collection periods for certain of the Group's customers.

### **Trade and Other Payables**

Our trade and other payables remained stable at US\$129.0 million as of December 31, 2024 and 2023.

## **Bank Loans**

Our bank loans increased to US\$102.6 million as of December 31, 2024 from US\$61.0 million as of December 31, 2023, which was primarily because of the increased utilization of bank loans to support the Group's capital needs caused by the increase in gross billing.

## **Liquidity and Financial Resources**

Our cash and cash equivalents were primarily denominated in U.S. dollars. As of December 31, 2023 and 2024, we had cash and cash equivalents of US\$21.8 million and US\$34.4 million, respectively. Such increase in cash and cash equivalents was primarily because of (i) the increase in income received in advance to support the increase in the Group's gross billing; and (ii) the repayment period of the Group's bank loan has not yet expired.

Our net current assets decreased to US\$23.9 million as of December 31, 2024 from US\$24.7 million as of December 31, 2023. This decrease was primarily due to the acquisition of new intangible assets.

Our major financing resources are bank loans and equity financing. We had bank loans of US\$61.0 million and US\$102.6 million as of December 31, 2023 and 2024, respectively, which were primarily used for supporting the growth of our business scale and development. As of December 31, 2024, our bank loans were primarily denominated in U.S. dollars, among which, approximately US\$42.5 million were at fixed interest rates, and approximately US\$60.0 million were at variable rates.

## **Final Dividend**

The Board did not recommend any final dividend for year ended December 31, 2024 (for the year ended December 31, 2023: Nil).

## **Gearing Ratio**

Our gearing ratio, being calculated by dividing total borrowings by total equity as of the date indicated and multiplied by 100%, increased to 340.8% as of December 31, 2024 from 206.7% as of December 31, 2023, primarily due to the increase in the Group's borrowings.

## **Debt to Equity Ratio**

Our debt to equity ratio, being calculated by dividing total borrowings net of cash and cash equivalents by total equity as of the date indicated and multiplied by 100%, increased to 226.5% as of December 31, 2023 from 132.8% as of December 31, 2022, primarily due to the increase in the Group's borrowings.

## **Contingent Liabilities**

As of December 31, 2023 and 2024, we did not have any material contingent liabilities.

## **Pledge of Assets**

Save as disclosed below, none of our Group's assets were pledged as of December 31, 2023 and 2024.

As of December 31, 2024, bank loans of US\$2,212,000 were guaranteed by the Company (as of December 31, 2023: US\$1,046,000) and secured by financial assets measured at fair value through profit or loss. As of December 31, 2024, bank loans of US\$42,474,000 (as of December 31, 2023: US\$1,470,000) were secured by trade receivables according to the factoring arrangements. As of December 31, 2024, bank loans of US\$57,872,000 were guaranteed by the Company (as of December 31, 2023: US\$52,504,000) and were secured by trade receivables according to the factoring arrangements.

## **Treasury Policies**

We have adopted a prudent financial management approach towards our treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. Our Board closely monitors our liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

## **Interest Rate Risks**

Our interest rate risks arise primarily from bank loans issued at variable rates. In particular, our interest on bank loans increased to US\$6.0 million in 2024 from US\$4.1 million in 2023. We will keep monitoring the risk exposure regularly to mitigate the interest risk.

## **Foreign Exchange Exposure**

Our Group operates in Hong Kong with most of our monetary assets and liabilities and transactions principally denominated in U.S. dollars. We do not have significant exposure to foreign currency risks.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

We did not have any significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2024. As of December 31, 2024, we did not have any plans for any material investments or capital assets.

## **USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING**

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on March 31, 2023 and the net proceeds raised from this initial public offering after deducting underwriting fees and commissions and other related listing expenses amounted to approximately HK\$96.8 million (the "**Net Proceeds**").



## Update on Expected Timeline for Use of Proceeds

As of December 31, 2024, the total unutilized Net Proceeds amounted to approximately HK\$58.0 million (the “**Unutilized Net Proceeds**”). Having considered the reasons set out in “Reasons for Change in Use of Proceeds” below, the Board has resolved to extend the expected timeline for the use of the Unutilized Net Proceeds in (i) upgrading the Group’s business and internal management systems to cater to its increasing business scale; and (ii) pursuing strategic cooperation or investment opportunities from upstream and downstream industry participants that will complement or enhance the Group’s existing business and product functions and have synergy with the Group to the end of 2025, in order to cater with the business needs of the Group and current market conditions. The actual utilization of Net Proceeds up to December 31, 2024 and the updated expected timeline for full utilization of the Unutilized Net Proceeds are stated below.

Intended use of Net Proceeds	Approximate percentage of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Unutilized amount of Net Proceeds as of January 1, 2024 (HK\$ million)	Utilized amount of Net Proceeds for the year ended December 31, 2024 (HK\$ million)	Unutilized amount of Net Proceeds as of December 31, 2024 (HK\$ million)	Expected timeline for full utilization of the Unutilized Net Proceeds
Strengthen the research and development capabilities of the Group	41.7%	40.3	27.6	16.4	11.2	end of 2025
Market the Group’s cross-border online-shop SaaS solutions business	13.3%	12.9	12.9	–	12.9	end of 2025
Upgrade the Group’s business and internal management systems to cater to its increasing business scale	10.0%	9.7	9.7	–	9.7	end of 2025
Strengthen the Group’s capabilities in providing localized services in overseas countries and regions to meet customers’ growing demand for overseas presence and expansion and deepen the Group’s global footprint overseas presence and expansion and deepen the Group’s global footprint	15.0%	14.5	14.5	–	14.5	end of 2025
Pursue strategic cooperation or investment opportunities from upstream and downstream industry participants that will complement or enhance the Group’s existing business and product functions and have synergy with the Group	10.0%	9.7	9.7	–	9.7	end of 2025
Working capital and general corporate purposes	10.0%	9.7	–	–	–	N/A
<b>Total</b>	<b>100%</b>	<b>96.8</b>	<b>74.4</b>	<b>16.4</b>	<b>58.0</b>	

## **Reasons for Extending the Expected Timeline for Use of Proceeds**

Upon evaluation of the Group's current business and internal management systems, the plan to purchase an enterprise resource planning (ERP) system was deferred as the current system fulfilled the Group's business needs. Following the business development of the Group, the Group expects that the system upgrade would take place in 2025 and therefore has extended the expected timeline for upgrading the Group's business and internal management systems to cater to its increasing business scale to the end of 2025.

The Group has also evaluated various strategic cooperation and/or investment opportunities, but it has yet to identify suitable opportunities which will complement the Group's current strategic planning or add value to the Group's product offerings. Upon evaluating current market conditions, the Group would continue to seek cooperation and/or investment opportunities in 2025 in a bid to create a competitive edge within the industry. As such, the Group has extended the expected timeline for pursuing strategic cooperation or investment opportunities from upstream and downstream industry participants that will complement or enhance the Group's existing business and product functions and have synergy with the Group to the end of 2025.

The Board considers that the extension of the expected timeline for full utilization of the Unutilized Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole.

Save as disclosed above, the Company does not currently anticipate any other material changes to the use of the Unutilized Net Proceeds. The Board will continuously assess the plans for the use of the Unutilized Net Proceeds and may further revise or amend such plans where necessary to cope with the changing market environment and conditions, as well as business needs.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no other material subsequent events relating to the Group after December 31, 2024 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended December 31, 2024. As of December 31, 2024, the Group did not hold any treasury shares.

## **CORPORATE GOVERNANCE**

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted and, save as disclosed below, complied with the code provisions stated in the Corporate Governance Code contained in Part 2 of Appendix C1 (the “**CG Code**”) to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) during the year ended December 31, 2024.

Pursuant to provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Xiang is the chairman of the Board and the chief executive officer of the Company. With extensive experience in business management, Mr. Li is responsible for the overall strategic and direction planning, business development and management of the Group and is instrumental to the growth and business expansion since the Group’s establishment. The Board considers that vesting the roles of joint chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, especially the independent non-executive Directors, which comprises experienced and high-caliber individuals. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. After having made specific enquiry, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended December 31, 2024.

## REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) reviewed the final results for the year ended December 31, 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this results announcement have been agreed by the Group’s auditor, KPMG, to the amounts set out in the Group’s draft consolidated financial statements for the year ended December 31, 2024. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## CLOSURE OF REGISTER OF MEMBERS

The Company’s annual general meeting (the “**AGM**”) will be held on Thursday, June 26, 2025. The register of members of our Company will be closed from Monday, June 23, 2025 to Thursday, June 26, 2025, both days inclusive, in order to determine the eligibility of the shareholders of the Company to attend the AGM, during which period no share transfers will be registered. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Thursday, June 26, 2025. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged for registration with our Company’s Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, June 20, 2025.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.empowerwin.com](http://www.empowerwin.com)).

The annual report of the Company for the year ended December 31, 2024 containing all information required by the Listing Rules will be available on the above websites in due course.

By order of the Board  
**Powerwin Tech Group Limited**

**Li Xiang**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, March 26, 2025

*As of the date of this announcement, the Board comprises Mr. Li Xiang and Ms. Yu Lu as executive Directors; and Ms. Zhao Yan, Mr. Gong Peiyue and Mr. Li Kwok Tai James as independent non-executive Directors.*