



## HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 818.HK)

### Hi Sun Tech Announces 2020 Annual Results: Profit for the Year Increases 14% to HK\$779 million

#### Begins Accelerated Post-Pandemic Development Process via Internal and External Cultivation

##### Results Highlights

1. During the Year, the Group's accumulative transaction volume of payment processing solutions segment was approximately RMB1,460 billion, and the total number of transactions increased against the trend, with an increase of 42%;
2. During the Year, the Group's supply chain financial technology sector has made great progress, including successfully introducing several core enterprises and banks, providing supply chain financial services to more than 1,000 SMEs, and accumulatively addressing financing needs exceeding RMB5 billion;
3. During the Year, according to the subscription agreement, three investors completed the subscription for an aggregate of approximately 14.55% of the enlarged registered capital of Megahunt, at a subscription price of RMB80 million;
4. Cloopen (NYSE:RAAS), an associated company of the Group, began trading on the New York Stock Exchange on 9 February 2021(NYT).

##### Financial Highlights

HK\$'000	FY2020	FY2019	Change
Revenue	4,143,371	5,575,981	-26%
From payment processing solutions	3,266,207	4,672,640	-30%
From information security chips and solutions	298,753	290,010	+3%
Segmental EBITDA <sup>▲</sup>	806,908	1,160,187	-30%
From payment processing solutions <sup>▲</sup>	822,248	1,160,533	-29%
From information security chips and solutions <sup>▲</sup>	8,695	29,639	-71%
Profit for the year	779,141	682,967	+14%
Basic earnings per share for profit attributable to equity holders of the Company (HK\$)	0.236	0.205	+15%

<sup>▲</sup> Excluding the non-cash share option expenses of approximately HK\$40,191,000 under the payment processing solutions in 2020.

Excluding the non-cash share option expenses of approximately HK\$30,303,000 under the information security chips and solutions in 2019.

[29 March 2021, Hong Kong] A leading payment & finance solutions provider in China, **Hi Sun Technology (China) Limited** (the “Company”; Stock code: 818.HK), announced the audited consolidated results of the Company and its subsidiaries (the “Group”) for the twelve months ended 31 December 2020 (the “Year”).

During the Year, the Group’s consolidated revenue reached HK\$4,143.4 million, representing a decrease of 26% when compared with HK\$5,576.0million for the same period last year. The Group’s operating profit was HK\$653.1 million, representing an increase of 13% when compared with HK\$578.2 million the same period last year. Profit for the year was HK\$779.1 million, representing an increase of 14% when compared with HK\$683.0 million for the same period last year. The increase in profit was mainly due to a significant increase in fair value gains on financial assets at fair value through profit or loss for the Convertible Series C Preference Shares and Convertible Series D Preference Shares of Cloopen Group Holding Limited, held by the Group, for the Year, which partially compensated for the significant decrease in the transaction volume in the Group’s payment processing solutions segment due to the impact of global COVID-19 pandemic (the “pandemic”). Basic earnings per share for profit attributable to the equity holders of the Company increased 15% to HK\$0.236.

## **Business Review**

### ***Payment Sector Driven by New Technologies Empowering the Digital Transformation of Small and Micro Enterprises***

During the Year, the global pandemic hindered many offline business activities, and the Group’s payment processing solutions business was subsequently affected, with a decrease of 17% to RMB1,460 billion in transaction volume for the Year. The segmental turnover fell by 30% to HK\$3,266.2 million, and the segmental operating profit amounted to HK\$524.9 million, representing a decrease of 25% when compared with the same period last year. By end of 2020, the number of accumulated active domestic merchants of VBill OPCO (“VBill”), a subsidiary of the Group primarily engaged in its payment processing business, exceeded 3.3 million.

The pandemic has accelerated the transformation of digital operations. During the pandemic, the Group strengthened its efforts to support small and micro merchants, launched various SaaS products to improve operating efficiencies, and simultaneously cooperated in-depth with more than 1,000 SaaS service providers to help small and micro merchants increase their transaction volumes, and continuously strengthen the value chain from payment to commercial services. Therefore, while transaction volume declined, the number of transactions increased and the cumulative number of transactions processed in 2020 increased 42%, when compared with the same period last year.

Additionally, the Group's supply chain financial technology sector has made great progress, including successfully introducing several core enterprises and banks, providing supply chain financial services to more than 1,000 SMEs, and accumulatively addressing financing needs exceeding RMB5 billion. In the future, the Group's supply chain financial technology sector will focus on solving the financing problems of small and medium-sized enterprises ("SMEs") through the use of block chain technology to realize the split and transfer of credit, and to empower the credit of core enterprises to many SMEs in the supply chain.

Looking forward, VBill will continue to focus on small and micro merchants, and work with SaaS service providers to offer a full range of digital business services for small and micro merchants. The Group will begin with payments and build into a first-class digital economic infrastructure service provider.

***Improving Quality and Efficiency in Other Business Segments, and Seeking New Development Opportunities***

- Information security chips and solutions segment: sales for the Year increased slightly and other research and development ("R&D") projects continued to progress smoothly. Cost reduction initiatives for various products were also rolling out in orderly manner.
- Platform operation solutions: during the Year, the Group continued providing operational support services to three bases of China Mobile. In the future, in addition to consolidating its support from and partnerships across various businesses of China Mobile, the Group will also strive to explore technical service opportunities outside the mobile operator system.
- Financial Solutions: the Group deepened its core system downshift and core system cloud business, helped customers achieve the greatest degree of application asset preservation and reduced the risk of upgrading core business system technology in Mainland China. In Hong Kong and Macau, the Group continued to develop new products in virtual banking licensing, integration of faster payment systems (FPS), open bank (Open Bank), and other Internet financial innovation fields, to help customers accelerate the pace of Internet financial innovation. In response to overseas market demand, the Group established Shenzhen Hi Sun Fintech Global Company Limited to conduct R&D of related products resolutions. At present, it has signed cooperation agreements with a number of cooperation channels for overseas market expansion, and signed a banking business system construction contract with a Cambodian bank.
- Electronic power meters and solutions: performance of this segment remained similar to the same period last year. During the Year, the Group managed to win the bid in the State Grid's two unified tenders. On technical aspects, the Group is actively working with the State Grid Power Research Institute to steadily advance the research and construction of GB standards for IR46 electronic power meters.

**The Group commented,** “As the impact from the pandemic has gradually narrowed, offline consumption activities have been returning to normal. The needs of traditional small and micro enterprises for online business transformation are becoming increasingly urgent, and digital and intelligent upgrades have become a necessity for these enterprises’ long-term development. As a pioneer with deep-rooted experience in the payments industry for many years, Hi Sun Technology has an in-depth understanding of small and micro enterprises’ operating model and pain points, and regards them as the focus of services in the long run. Looking forward, the Group will continue to keep up with technology and business trends, leverage cutting-edge technology such as cloud computing, big data, and block chain as driven forces, and provide professional, scenario-based, systematic, and low-cost services, thereby creating greater value for the Company’s shareholders, clients, and society!”

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#### **About Hi Sun Technology (China) Limited**

**Hi Sun Technology (China) Limited** (“Hi Sun Technology,” stock code: 818.HK) is a leading integrated solutions provider of payments, finance, and telecommunications in China. Hi Sun Technology is principally engaged in the provision of payment processing solutions, financial solutions, and platform operation solutions, as well as the sale of information security chips and solutions, and electronic power meters and solutions.

#### **For investor enquiries**

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*\*For identification purpose only*