



## 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 2021 Interim Results: 1H2021 Adjusted Net Profit Increases 40% to HK\$ 312 Million

**Continues to Focus on Technological Innovation and Output to Facilitate Industrial Digital Upgrade**

#### Results Highlights

1. During the Reporting Period, with improved effectiveness of epidemic prevention and control across the country and the gradual recovery of economic activities, the Group's overall operating conditions returned to be normalized. Payment transaction volume of the Group increased 15% compared with the same period last year to approximately RMB830 billion;
2. The Group's "Payment + SaaS" business structure helped small and micro enterprises comprehensively improve their operational efficiency, and accelerated their digital transformation, driving growth in QR code payment transaction volume by more than 2.5 times during the Reporting Period;
3. To further improve management efficiency and effectiveness, the Group separated "fintech solutions and services" from "payment processing solutions" during the Reporting Period. As of the end of June 2021, the number of cooperative banks in the fintech solutions and services segment has exceeded 14, with a total of 2,860 suppliers served, helping suppliers at all levels to raise more than RMB9 billion in total.

#### Financial Highlights

HK\$' 000	1H2021	1H2020	Changes
Revenue	2,216,068	2,022,166	+10%
From payment processing solutions	1,673,415	1,590,657	+5%
From fintech solutions and services	100,842	76,670	+32%
From information security chips and solutions	205,092	170,757	+20%
Segmental EBITDA <sup>1</sup>	420,089	316,755	+33%
From payment processing solutions	398,933	346,667	+15%
From fintech solutions and services	23,242	(10,140)	N/A
From information security chips and solutions	43,146	19,018	+127%
Adjusted net profit <sup>2</sup>	312,291	223,350	+40%
Net fair value gains/(losses) on financial assets at fair value through profit or loss	199,708	(8,335)	N/A
Gains on deemed disposals of investments accounted for using the equity method	2,861,475	-	N/A
Profit for the period	3,373,474	215,015	+1,469%

1. Excluding write off of property, plant and equipment and net fair value gains/(losses) on financial assets at fair value through profit or loss.

2. Excluding net fair value gains/(losses) on financial assets at fair value through profit or loss and gains on deemed disposal of investments accounted for using the equity method.

[12 August 2021, Hong Kong] A leading payment & finance solutions provider in China, **Hi Sun Technology (China) Limited** (the “Company”; Stock code: 818.HK), announced the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”).

During the Reporting Period, the Group’s consolidated revenue amounted to HK\$2,216.1 million, representing an increase of 10% compared with HK\$2,022.2 million for the same period last year; Segmental EBITDA was HK\$420.1 million, an increase of 33% as compared to HK\$316.8 million for the corresponding period of last year. The increase in segmental EBITDA was mainly due to the continuous improvement in the prevention and control of the epidemic across the country, and the gradual recovery of economic activities. The Group’s overall operating conditions returned to be normalized. Adjusted net profit was HK\$312.3 million, an increase of 40% from HK\$223.4 million for the same period last year.

### **Business Review**

#### **Continue to Focus on the Demand of Digitalization from the Lower-tier Market, “Payment + SaaS” Improving Merchants’ Operational Efficiency**

Increasing demand driven by the epidemic has accelerated the digitalization in new scenarios and merchants, which has created new opportunities for the Group. With the epidemic effectively under control across the country, and the steady recovery of consumption activities, payment transaction volume of the Group’s payment processing solutions segment increased 15% to approximately RMB830 billion compared with the same period last year. Segmental operating profit was HK\$280.1 million, an increase of 24% compared with the same period last year. As of June 2021, the number of accumulated active domestic merchants of VBill OPCO (“VBill”), a subsidiary of the Group mainly engaged in payment processing business, was 3.4 million.

For small and micro merchants with limited connection to digital means, the Group helped build a complete “Payment + SaaS” ecosystem, driving the Group’s QR code payment transaction volume increased by more than 2.5 times compared with the same period last year. Through functions such as user operation, precision marketing, and financial analysis based on data algorithms, the ecosystem helped small and micro merchants build their own closed sales loop in an omni-channel ecosystem, fully accelerating their digital transformation. At present, the smart and open platform of the Group has commenced in-depth cooperation with over 1,000 SaaS service providers.

The Group also continued to strengthen its product research and development, and launched a number of innovative technology products and solutions during the Reporting Period to assist in merchants’ digital transformation in multiple dimensions in terms of

customer acquisition, marketing, operations, and decision-making. In particular, “JIM Community”, “JIM Good Days”, and “JIM Smart Shelves” provide various smart empowerment solutions to merchants in different areas including community stores, vegetable markets, and retailers, to maximize their operational efficiency.

### **Separation of “Fintech Solutions and Services” to Improve Efficiency**

During the Reporting Period, the Group separated “fintech solutions and services” from the category of “payment processing solutions”. Fintech solutions and services mainly include micro-lending, supply chain finance, factoring business, credit assessment services and related products and solutions. In particular, the micro-lending business remained stable while the supply chain finance increased drastically, driving the segmental operating profit to turn losses into profits. During the Reporting Period, segmental operating profit amounted to HK\$20.4 million as compared to segmental operating loss of HK\$12.7 million in 1H2020. Products of supply chain finance includes Suixin Cloud Chain, Bank-Enterprise Chain, and Sui Quick Bill Discounting, etc. Suixin Cloud Chain mainly serves core enterprise suppliers; Bank-Enterprise Chain connects core enterprise financial platforms and banks; and the Sui Quick Bill Discounting platform connects the bill-holding enterprises and banks. As of the end of June 2021, the Group has worked with 14 banks and served more than a total of 2,860 suppliers, helping suppliers at all levels to raise more than RMB9 billion in total.

Since this year, the regulatory authorities put forward further requirements on the risk control capabilities of payment institutions. In the second half of 2021, the Group will continue to put business compliance a top priority, implement the most stringent standards for key tasks such as anti-money laundering, reduce potential risks in various business lines, and actively prepare and complete the renewal of the Operating License for Non-Bank Payment Institutions on time.

### **Forging Ahead and Seeking Breakthroughs in Other Business Segments**

- Information security chips and solutions: During the Reporting Period, the segment recorded a slight increase in sales as compared with the same period last year, and the gross profit margin improved. At present, facing the global supply chain shortage of semiconductors, the Group will actively carry out various research and development projects, as well as cost reduction initiatives and efficiency enhancements of various products.
- Platform operation solutions: During the Reporting Period, the Group successfully renewed its product development, business operation, and system maintenance contracts with China Mobile Financial Technology Co., Ltd. The Group also actively participated in the bidding of China Mobile’s provincial companies and other related projects. In the future, the Group will continue to strengthen its support and cooperation with China Mobile in various businesses, as well as explore technical service

- opportunities outside the mobile operator system.
- Financial solutions: During the Reporting Period, ABS continued to focus on the downshift of business systems, and the R&D for cross-border financial management products in Mainland China. For overseas market, Hi Sun Global completed the business system launching of Banque Pour Le Commerce Exterieur Lao Public, as well as respectively signed two contracts in relation to IT systems construction projects for two banks in Kazakhstan and Cambodia. Additionally, the R&D of a new-generation of bank core business systems based on a decentralized, micro-service technology architecture, and the implementation of new products will be rolled out in the second half of this year.
  - Electronic power meters and solutions: During the Reporting Period, the Group reviewed its bidding in the State Grid’s unified tender, and actively cooperated and followed up with the State Grid Power Research Institute on the research and setting up the GB standards for the IR46 electronic power meter.

**The Company commented,** “With the accelerated digital iteration of online and offline integration together with in-depth business operations cultivation, the Group will leverage its advantages accumulated over the years, continuously focusing on technology empowerment and the intelligent upgrades of business environment for small and micro enterprises. Meanwhile, we will continue to flexibly utilize the cutting-edge technologies, including big data, AI, and blockchain etc., to strengthen our risk control and compliance efficiency, thereby creating greater value for our shareholders, clients, and the 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, fintech solutions and services, platform operation solutions, financial 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*