



## 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 2022 Interim Results: 1H2022 Adjusted Net Profit Increases 27% to HK\$ 395.3 Million Rapid Development of Digital Services and Steady Improvement in Profitability

#### Results Highlights

1. In the first half of 2022, the regional spread of the COVID-19 pandemic put greater pressure on China's economy. The challenges and uncertainties brought by the macro environment led to a year-on-year decrease in the Group's revenue, but the overall profitability increased as compared with the same period of last year;
2. Digital services developed rapidly during the Reporting Period. In the first half of the year, the Group's payment processing solutions launched a number of big data and algorithm-driven smart products, and established in-depth cooperation with more than 10 chain merchants, covering more than 20,000 stores. The QR code transaction volume in the first half of the year increased significantly by 59%. In addition, the monthly transaction amount of cross-border payment business exceeded US\$10 million;
3. Through the in-depth integration with the supply chain, the supply chain financial technology sector has created a product ecosystem integrating industry and finance, which has greatly improved the financing efficiency of small and medium-sized enterprises. During the Reporting Period, the Group has cooperated with more than 21 banks and 2 trusts with a customer financing amount exceeding RMB18.4 billion. Meanwhile, the first phase and the second phase of asset-backed securities scheme with a total issue size of RMB309,000,000 (equivalent to approximately HK\$380,100,000) and RMB362,000,000 (equivalent to approximately HK\$419,900,000) were also established on 27 January 2022 and 20 May 2022, respectively.
4. The Group completed the Megahunt Disposal during the Period and the Company's interest in Megahunt decreased to approximately 45.73%. Megahunt ceased to be a subsidiary of the Company and was accounted for as an associate of the Company.

#### Financial Highlights

HK\$' 000	1H2022	1H2021 (Restated)	Changes
Revenue	1,742,494	2,010,976	-13%
From payment processing solutions	1,448,789	1,673,415	-13%
From fintech solutions and services	117,549	100,842	+17%
Gross profit	602,867	535,445	+13%
Segmental EBITDA <sup>1</sup>	329,177	373,447	-12%
From payment processing solutions	389,627	398,933	-2%
From fintech solutions and services	25,610	23,242	+10%

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

<b>Adjusted net profit<sup>2</sup></b>	<b>395,343</b>	<b>312,291</b>	<b>+27%</b>
Fair value (losses)/gains on financial assets at fair value through profit or loss	(2,722)	199,708	N/A
Gains on deemed disposals of associated companies	-	2,861,475	N/A
Gains on disposals of subsidiaries	431,943	-	N/A
Profit from continuing operations	744,326	3,340,946	-78%
Profit from discontinued operation	80,238	32,528	+147%
Profit for the period	824,564	3,373,474	-76%
Basic earnings per share for profit attributable to the owners of the Company (HK\$)	0.256	1.185	-78%

[11 August 2022, 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 2022 (the “Reporting Period”).

In the first half of 2022, the regional spread of the COVID-19 pandemic put greater pressure on China’s economy. The Group’s revenue decreased but the overall profitability increased as compared with the same period of last year. During the Reporting Period, the Group’s consolidated revenue amounted to HK\$1,742.5 million, representing a decrease of 13% from HK\$2,011.0 million for the same period last year, mainly due to the challenges and uncertainties brought by the macro environment. Segmental EBITDA was HK\$329.2 million. The adjusted net profit was HK\$395.3 million, an increase of 27% from HK\$312.3 million for the same period last year.

## Business Review

### Significant Growth in QR Code Payment Transactions and Enhancement of Merchants’ Operational Efficiency with Digital Products

During the Reporting Period, the COVID-19 pandemic situation was more abrupt than last year, showing a trend of nationwide regional outbreaks, resulting in fluctuating performance in the Group’s payment business. Despite the impact of the external environment, the Group’s QR code transaction volume grew significantly by 59% in the first half of 2022, driven by the Group’s digital services business. Segmental turnover of the payment business was HK\$1,448.8 million; segmental operating profit increased by 11% to HK\$312.0 million as compared with the same period last year. The domestic payment transaction volume of the Group was RMB772.4 billion.

The outbreak of the COVID-19 pandemic has triggered major changes in consumption patterns and industry formats, driving a new stage of rapid growth in offline merchants’

2. Excluding fair value (losses)/gains on financial assets at fair value through profit or loss, gains on disposals of subsidiaries and gains on deemed disposals of associated companies.

demand for digital business. The Group provides merchants with a full range of digital solutions by adopting payment as the entry point and combining information-based and smart products. In response to merchants' growing demand for digital, the Group has launched a variety of smart products, including smart decision-making, smart marketing, smart account books, smart scales and other products. In particular, the Group's smart decision-making products take advantage of big data smart database and DEM smart algorithm (fluctuation model, AI diagnosis model, decision correction model) to intelligently manage the entire cycle of commodity circulation, targeting and providing retail merchants such as offline chain supermarkets, convenience stores and fresh stores with digital solutions for the retail industry that integrate four functional modules including "operation status diagnosis", "smart supply chain", "commodity category management" and "on-site AI management" to comprehensively improve merchants' operational efficiency. Such products quickly gained market recognition as soon as they were launched in 2022. In the first half of 2022, the Group cooperated with more than 10 leading chain merchants, covering more than 20,000 stores.

Additionally, the Group focused on the digital transformation of the traditional wet markets to assist in the smart transformation of farmers' markets, and provided market managers, merchants and consumers with smart solutions that integrate management, marketing and user experience.

During the Reporting Period, the Group's digital products have served 0.8 million merchants, mainly in the retail industry, community fresh food stores, farmers' markets, chain convenience stores, etc.

In terms of cross-border payment business, the Group continued to open up overseas mainstream e-commerce platforms, built a global overseas payment network, and provided export enterprises with one-stop cross-border capital services such as cross-border payment collection, global payment as an agent, and foreign exchange management, covering Hong Kong, the United States, Japan, Singapore and other countries and regions. The monthly transaction amount exceeded US\$10 million during the Reporting Period.

The Group also successfully completed the renewal of its "Payment Business Permit" in the first half of 2022, which is valid until 27 June 2027.

### **Supply Chain Financial Technology Sector Establishes a Product Ecosystem Integrating Industry and Finance to Help Small and Micro Enterprises Improve Financing Efficiency**

The Group's fintech solutions mainly include supply chain financial technology, micro-lending and factoring business. Among these, the Group's supply chain financial technology sector has made great progress, and created two product service platforms: "Suixin Cloud

Chain” and “Commercial Bill Financing Service Platform”. During the Reporting Period, segmental operating profit increased by 7% to HK\$21.8 million.

Suixin Cloud Chain, the Group’s self-developed supply chain financial technology service platform, mainly serves core enterprise suppliers. It establishes an industrial financial ecosystem relying on financial technologies such as blockchain, big data and cloud computing, etc., builds standards and allows splitting, circulation and financing activities throughout the supply chain for core enterprises. It runs across credit barriers along the industrial chain, achieves business credit empowerment for core enterprises, and solves the problems of difficult, expensive and slow financing for small and medium-sized enterprises along the industrial chain, facilitating the favourable and healthy development of the industrial ecology. The Commercial Bill Financing Service Platform, relying on the abundant resources on cooperation with financial institutions, mainly provides one-stop standardised bill services, including standardised bill financing business, and provides small and medium-sized enterprises with efficient, convenient, compliant and safe financing services.

In addition, the Group also provides financial support to many small and micro enterprises through direct connection to banks, issuance of asset-backed securities schemes, and through the Group’s small loan companies and factoring companies, helping small and micro enterprises expand their production scale and achieve stable growth. As of 30 June 2022, the Group has cooperated with more than 21 banks and 2 trusts with a customer financing amount exceeding RMB18.4 billion. Besides, the first phase and the second phase of asset-backed securities scheme of the Group with a total issue size of RMB309,000,000 (equivalent to approximately HK\$380,100,000) and RMB362,000,000 (equivalent to approximately HK\$419,900,000) were also established on 27 January 2022 and 20 May 2022, respectively.

### **Continuous Business Expansion and Innovation in Other Business Segments**

**Platform Operation Solutions:** during the Reporting Period, the business scale of the Group remained stable. The Group successfully renewed new contracts with China Mobile Financial Technology Co., Ltd.. It also actively participated in the project competition of China Mobile’s provincial companies and expanded technical service opportunities outside the operator’s system. In addition, the size of the Group’s technical service orders in the securities industry increased by more than 30% year-on-year ;

**Financial Solutions:** during the Reporting Period, in Mainland China, Hong Kong and Macau, BJ ABS leveraged its experience accumulated in previous projects and its independent research and development to help banks achieve digital transformation and independent control. It assisted in completing China Guangfa Bank’s overall downshift of its core banking system to the distributed open platform, and helped BOC Hong Kong and BOC Macau successively kick started their system migration. In terms of overseas financial IT service

opportunities, Hi Sun FinTech Global signed contracts with five new customers during the Period. Meanwhile, its newly developed decentralised and micro-service core system has achieved certain results and Hi Sun FinTech Global has signed a contract with a virtual bank in Hong Kong and the system is expected to be put into production within this year. In addition, Hi Sun FinTech Global is cooperating with a cloud vendor to actively develop technical solutions for migrating from IBM mainframes to the cloud. To date, the technical research has been initially completed, and market promotion will be carried out jointly in the next stage.

**The Group commented,** “Under the repeated uncertainties of the pandemic, the operating pressure on micro, small, and medium-sized enterprises has doubled, and digital operation has become an indispensable business capability. As a leading service provider creating digital solutions, we will continue to strengthen and export our digital service capabilities, and make use of innovative technologies such as cloud computing, big data and blockchain to contribute to the accelerated resumption of work and production in various industries, while creating greater value for shareholders, customers and the society.”

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

**Hi Sun Technology (China) Limited** (“Hi Sun Tech”, stock code: 818.HK) is a leading integrated solutions provider of payments, finance, and telecommunications in China. Hi Sun Tech is principally engaged in the provision of payment processing solutions, fintech solutions and services, platform operation solutions and financial solutions.

#### **For investor enquiries**

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*\*For identification purpose only*