



## 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 Annual Results: Adjusted Net Profit Increases 8% to HK\$694.8 Million Gradual Improvement in Profitability and Significant Growth in Digital Business**

#### **Results Highlights**

1. In 2022, the regional spread of the COVID-19 pandemic had an impact on China's economic operations and residents' lives, and also put pressure on the Group's business operations and expansion. The overall revenue decreased as compared with the same period of last year, but the overall profitability increased year-on-year;
2. The Group completed the renewal of the "Payment Licenses" during the Year, which are valid for 5 years until 27 June, 2027;
3. During the Year, the Group achieved a 74% increase in digital payment transactions and entered into strategic cooperation agreements with a number of banks, telecommunication operators, China Post and other organisations to jointly provide merchants with a full range of payment services. In terms of digital service business, by leveraging the open PaaS platform, the Group has gained connection to a number of Independent Software Vendors ("ISVs"), offering a number of integrated industry digital solutions. At the same time, the Group uses data-driven and algorithm-driven functional modules to help merchants manage the entire cycle of commodity circulation intelligently. By the end of 2022, the Group's digital products has served more than 1.17 million merchants;
4. In terms of cross-border payment business, the Group continued to build a global overseas payment network, targeting overseas mainstream e-commerce platforms, with monthly transaction amount exceeding US \$100 million;
5. Suixin Cloud Chain and Financing Services of Commercial Bills, the two major platforms under Fintech Services, provide funding support to many micro, small and medium-sized enterprises ("SMEs") to expand their production operations and reduce their financing costs. As of December 31, 2022, the amount of funds raised by our clients through bills approximated RMB10 billion. The Group also gained direct access to primary market capital through asset securitisation. As of the end of 2022, the Group successfully issued three tranches of asset-backed securities ("ABS") with a total issue amount of RMB 974,000,000.

**Financial Highlights**

<i>HK\$'000</i>	<b>FY2022</b>	<b>FY2021</b>	<b>Change</b>
Revenue	3,432,728	4,182,684	-18%
From payment and digital services	2,652,007	3,342,837	-21%
From fintech services	228,704	212,552	+8%
Gross profit	1,283,582	1,224,081	+5%
Segmental EBITDA <sup>1</sup>	640,002	788,193	-19%
From payment and digital services	695,166	809,910	-14%
From fintech services	22,099	18,966	+17%
<b>Adjusted net profit<sup>2</sup></b>	<b>694,756</b>	<b>642,303</b>	<b>+8%</b>
Fair value (losses) /gains on financial assets at fair value through profit or loss ("FVPL")	(12,085)	181,258	N/A
Gains on deemed disposals of associated companies	-	2,861,475	N/A
Gain on disposals of subsidiaries	431,943	-	N/A
Profit from continuing operations	605,037	3,623,736	-83%
Profit from discontinued operation	509,577	61,300	+731%
Profit for the year	1,114,614	3,685,036	-70%
Basic earnings per share for profit attributable to the owners of the Company (HK\$)	0.340	1.268	-73%

[22 March 2023, Hong Kong] Hi Sun Technology (China) Limited (the "Company"; Stock code: 818.HK), a leading payment and digital services & finance solutions provider in China, announced the audited consolidated results of the Company and its subsidiaries (the "Group") for the twelve months ended 31 December 2022 (the "Year").

In 2022, the regional spread of the COVID-19 pandemic exerted greater pressure on China's economy and also affected the Group's business operation and expansion. The overall revenue decreased as compared with the same period of last year, but the profitability increased year-on-year. During the Year, the Group's consolidated revenue was HK\$3,432.7 million, representing a decrease of 18% compared with HK\$4,182.7 million for the same period last year; Segmental EBITDA amounted to HK\$640.0 million. Adjusted net profit was HK\$694.8 million, an increase of 8% from HK\$642.3 million for the same period last year.

**Business Review****Significant Growth in Digital Payment Transactions, Promoting the Intelligent**

1. EBITDA is calculated by excluding interest expense, taxes, depreciation, amortisation, write off of property, plant and equipment and fair value (losses)/gains on financial assets at FVPL from segmental operating profit/(loss).

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

**Transformation of Merchants in All Aspects**

During the Year, in the face of the more acute outbreak of COVID-19, the Group actively promoted the digital update and iteration of technology, products and management, and achieved a 74% increase in digital payment transactions. Meanwhile, the Group entered into strategic cooperation agreements with a number of banks, telecommunication operators, China Post and other institutions during the Year to jointly provide merchants with a full range of payment services. The Group expects that with the optimisation of epidemic control measures, domestic consumption will usher in an explosive growth in 2023, which is expected to drive rapid growth in merchant transactions.

In terms of cross-border payment business, the Group continued to connect with 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 agency and foreign exchange management, covering Hong Kong, the United States, Europe, Japan, Singapore and other countries and regions. By the end of 2022, the monthly transaction amount of the Group's cross-border payment business exceeded US\$100 million. With the further strengthening of China's supply chain advantages, the growth of export trade will bring better market opportunities for cross-border payment business.

In terms of digital service business, by leveraging the Group's open PaaS platform, together with the well-established payment business, the Group has successfully gained connection to a number of Independent Software Vendors ("ISVs") and offered a number of integrated industry digital solutions, including retail, hotels, gas stations, university canteens, brand chains, scenic spots, etc., serving more than 1.17 million merchants. The Group's smart decision-making products provide intelligent management of the entire cycle of commodity circulation, targeting and providing retail merchants such as offline chain supermarkets, convenience stores and fresh food 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 the operational efficiency of merchants. In addition, the Group focused on the digital transformation of traditional wet markets, to assist in the smart transformation of farmers' markets, provide market managers, merchants and consumers with smart solutions that integrate management, marketing, and user experience to create a digital ecosystem for wet markets.

During the Year, the Group completed the renewal of the "Payment Business Permit" for a term of 5 years until 27 June 2027.

**Building a Digital and Intelligent Supply Chain Financial Service Ecosystem Platform to**

**Solve the Financing Difficulties of SMEs**

Suixin Cloud Chain and Financing Services of Commercial Bills, the two major platforms under Fintech Services Segment, are based on blockchain technology, providing various financial technology services and products such as Suixin, Suirong, Quick Financing of Commercial Bills and Quick Discounting of Bank Bills. The platform is committed to providing high-quality and efficient financial products to manufacturing SMEs in the upstream and downstream of the industrial chain of state-owned enterprises and central enterprises, solving the problems of difficult, expensive and slow financing for SMEs. During the Year, segmental operating profit of Fintech Services is HK\$14.8 million, an increase of 18% as compared with the same period last year.

Source of funds: the two platforms are linked to a number of financial institutions including banks, trusts and factoring companies to provide funding support for a large number of SMEs through the platform. As of 31 December, 2022, the amount of funds raised by our clients through bills approximated RMB10 billion and business volume continued to grow. At the same time, the Group also gained direct access to primary market capital through asset securitisation, providing more capital protection for enterprises. As of the end of 2022, the Group had successfully issued three tranches of ABS with a total issue amount of RMB974,000,000.

With the full relaxation of the epidemic prevention and control in China, the country continues to strengthen its macro-control efforts, and the overall economic recovery is positive. The Group is also optimistic about the development of market business. Looking forward, the Group will continue to expand its in-depth cooperation with financial institutions and integrate asset securitization business to provide efficient and low-cost financial services to enterprises. Meanwhile, through the Group's continuous process of building the infrastructure for supply chain bills, enterprises can issue commercial bills and bank bills on our platform, and invoicing enterprises and their suppliers can realise the full lifecycle of bills on our platform, including bill opening, endorsement, bill splitting, guarantee, pledge, discounting, encashment., and to continue to accumulate credit.

**Business Expansion and Innovation of Other Business Segments**

Platform operation solutions: during the Year, the business scale remained stable, and the Group continued to provide product technology services and business operation support services to China Mobile Financial Technology Co., Ltd., our major customer, and our services were recognised by our customers. Also, the Group launched new products in the areas of micro-services platform, container cloud platform and enterprise marketing tools and continued to increase investment in research and development. Meanwhile, the Group continued to expand business to industries and customers outside of telecoms operators, so as to develop more revenue in new markets in addition to stabilizing the existing revenue

scale.

Financial solutions: In Mainland China, Beijing Hi Sun Advanced Business Solutions Information Technology Limited continued to provide banking system operation and maintenance support services to its customers and made some breakthroughs in the fields of IT application innovation, payment and wealth management. In the field of IT application innovation, the Group is the first in the industry to propose three major downshifting strategies and nine downshifting techniques to facilitate the migration and upgrade of the business system of bank customers. In the payment field, the Group has initiated the research and development of business systems such as FPS, ISO 20022 Swift reporting standard upgrade, and cross-border clearing, and has received purchase orders from customers successively. Meanwhile, the Group builds a comprehensive wealth management system, and is currently cooperating with a number of bank customers. In terms of overseas financial IT service opportunities, Hi Sun FinTech Global actively carried out market expansion and research and development of new products and new technologies and has set up overseas representative offices in Laos and Cambodia to enhance local technical service capabilities. Meanwhile, the Group signed contracts with eight new customers during the Year and achieved business breakthroughs in new markets such as Thailand and Vanuatu. The Group's newly developed decentralised and micro-service core system has achieved certain results and was put into production in a virtual bank during the Year; and the Group's newly developed e-purse payment product was awarded a contract

The Group commented, "In the post-pandemic era, the competitive landscape of various industries is reshaping and subverting, and the process of digitalisation is in full swing. As a digital solution provider that has been deeply engaged for many years, the Group will continue to focus on technological innovation and industrial ecological capabilities, open up more complete platform capabilities, gather platform partners to build a digital ecosystem, help SMEs improve operational efficiency, and create greater value and returns 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 and digital services, fintech services, platform operation solutions and financial solutions.

#### **For investor enquiries**

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*\*For identification purpose only*