



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 Technology Announces 2023 Interim Results: Recorded an Adjusted Net Profit of HK\$349.4 Million Actively Promotes Digital Strategic Adjustment, Transaction Volume of Digital Payment Increased by 127% YoY

Results Highlights

1. During the Reporting Period, the Group actively paced up the digital strategic transformation and achieved a 127% growth YoY in the transaction volume of digital payment;
2. The Group's PaaS platform continued to provide quality digital solutions for various subsectors by continuously exploring business scenarios and introducing new partners. Also, the Group launched "Jiexingchejia", a digital service product for second-hand car trading;
3. The Group continued to improve the intelligent decision-making products catering for the retail industry, added more advanced digital management products for fresh food, short shelf-life goods and non-standardized fresh commodities, and also introduced intelligent visualization display product. Currently, the Group has formulated a digital solution for the retail industry that includes the four major functional modules namely "Smart Supply Chain", "Smart Category Management", "Smart Store management" and "KPI Monitoring and Analysis", and 29 products;
4. In terms of cross-border payment business, the Group successfully explored markets in South America, Korea and Czech Republic; Launched foreign exchange conversion products and B2B foreign trade collection business, with the transaction scale exceeding US\$10 million;
5. During the Reporting Period, the segmental operating profit of Fintech Services was HK\$55.6 million, a 155% increase YoY. The Suixin Cloud Chain FinTech Service Platform launched digital inclusive financial services to the existing platform, and completed the connection to New Generation Bills System and the Supply Chain Bills System launched by the Shanghai Commercial Paper Exchange;
6. Suixin Cloud Chain Platform has cooperated with more than 40 financial institutions. In 1H2023, the scale of financing for MSMEs on the Suixin Cloud Chain Platform continued to grow rapidly, with a YoY increase of 39%. In particular, the bills business recorded a YoY increase of 59%;
7. Megahunt, an associated company of the Group, has formally submitted an application to the Shanghai Stock Exchange for listing on the SSE STAR Market during the Reporting Period.

Financial Highlights

<i>HK\$' 000</i>	1H2023	1H2022 (Restated)	Change
Revenue	1,310,613	1,742,494	-25%
From payment and digital services	1,023,502	1,448,789	-29%
From fintech services	115,660	117,549	-2%
Gross profit	476,332	602,867	-21%
Gross margin	36.3%	34.6%	+1.7pp
Segmental EBITDA ¹	168,465	329,177	-49%
From payment and digital services	175,405	389,627	-55%
From fintech services	58,887	25,610	+130%
Adjusted net profit²	349,414	395,343	-12%
Operating profit	69,735	201,163	-65%
Fair value (losses) /gains on financial assets at fair value through profit or loss ("FVPL")	4,316	(2,722)	N/A
Gain on disposals of subsidiaries	3,277	431,943	-99%
Profit from continuing operations	357,007	314,987	+13%
Profit from discontinued operation	-	509,577	N/A
Profit for the period	357,007	824,564	-57%
Basic earnings per share for profit attributable to the owners of the Company (HK\$)	0.115	0.256	-55%

[17 August 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 unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023 (the "Reporting Period").

In the first half of 2023, as the society fully resumed normal operation, China's economy gradually recovered. However, due to the still insufficient demand in the domestic market, business entities are also facing more difficulties and the Group's business operation is also facing pressure and challenges. During the Reporting Period, the Group's consolidated revenue amounted to HK\$1,310.6 million, representing a decrease of 25% compared with HK\$1,742.5 million for the same period last year, which was mainly due to the transformation and expansion of the Group's payment and digital services business, while the handling fee rate of digital payment is lower than that of traditional payment. As such, the decline in the overall transaction volume and average handling fee rate during the digital

1. Excluding the write-off of property, plant and equipment and fair value (loss)/gain on financial assets at fair value through profit or loss;
2. Excluding fair value gains/(losses) on financial assets at fair value through profit or loss and gains on disposals of subsidiaries.

transformation period has resulted in a decrease in revenue and operating profit during the relevant period. Segmental EBITDA was HK\$168.5 million; Adjusted net profit was HK\$349.4 million, representing a decrease of 12% compared with HK\$395.3 million for the same period last year.

Business Review

Actively Promote Digital Strategy Adjustment, Dig Deep into Business Scenarios with Open Mindset and Cooperation

During the Reporting Period, the Group made proactive strategic adjustments to pace up its digital transformation, achieving a YoY increase of 127% in the transaction volume of digital payment.

In terms of business scenarios, the Group's PaaS platform continued to provide quality digital solutions for various subsectors through continuous introduction of new partners. On top of the existing business scenarios such as retail, catering, hotels, gas stations, university canteens, tourist attractions, and food markets, the Group also launched a digital service product for second-hand car trading, "Jiexingchejia" to help second-hand car dealers realize closed-loop management of digitized automobile assets.

During the Reporting Period, the Group continued to improve our intelligent decision-making products catering for the retail industry. In addition to the existing digital management products for normal temperature commodities, the Group has launched more advanced digital management products for fresh food, short shelf-life goods and non-standardized fresh commodities, assisting merchants to realize fully intelligent management. In addition, the Group has also introduced intelligent visualization display to help merchants quickly adjust their shelves to adapt to changes in the consumer market. Currently, the Group has formulated a digital solution for the retail industry that includes the four major functional modules namely "Smart Supply Chain", "Smart Category Management", "Smart Store Management", "KPI Monitoring and Analysis", and 29 products. It comprehensively improves the operational efficiency and sales capabilities of merchants, and carries out intelligent management of the whole cycle of commodity circulation.

In terms of cross-border payment business, the Group achieved breakthroughs in new regional markets such as South America, Korea and Czech Republic, based on the steady increase in the number of customers on mainstream e-commerce platforms in Europe and the United State, and gradually built up the ability to differentiate regional markets in its operation. In order to better serve foreign trade customers, the Group launched foreign exchange conversion products and B2B foreign trade collection business. The transaction scale has exceeded US\$10 million, providing more flexible and favorable service experience for a huge number of Chinese sellers operating overseas.

FinTech Services Continued to Enhance Comprehensive Capabilities, Financing Scale of MSMEs Continued to Grow

During the Reporting Period, segmental operating profit of FinTech Services was HK\$55.6 million, representing an increase of 155% compared with the same period last year. Suixin Cloud Chain FinTech Service Platform continued to enhance its comprehensive service capabilities, and launched digital inclusive financial services to the existing platform. Such services are digitally driven, targeting to offer micro, small and medium-sized enterprises (MSMEs) along the supply chain channels to connect with high-quality financial resources to meet their financing needs at different stages of production and operation.

In addition, during the Reporting Period, the Group completed the support for the acceptance of the new generation bills and supply chain bills business. The New Generation Bills System and the Supply Chain Bills System were launched by the Shanghai Commercial Paper Exchange, which realize the splitting of bills as desired to further suit the payment and financing needs of small and medium-sized enterprises, leverage the advantages of bills application in supply chain finance and promote the scale of development of supply chain finance. Up to now, there are more than 40 financial institutions cooperating with Suixin Cloud Chain Platform. MSMEs can make real-time comparison of multiple financial institutions on the Suixin Cloud Chain Platform to choose the most suitable and high-quality financial products. During the Reporting Period, the scale of financing for MSMEs on the Suixin Cloud Chain Platform continued to grow rapidly, with a YoY increase of 39% compared to the first half of last year. In particular, the bills business recorded a YoY increase of 59%.

Continuous Business Optimization and Upgrading of Other Business Segments

Platform operation solutions: During the Reporting Period, the Group's business scale remained stable and continued to provide technical services and business operation support services to its major customer, China Mobile Financial Technology Co., Ltd. At the same time, the Group carried on R&D track as in last year, continued to optimize and upgrade its infrastructure platform and software tools, and planned to top up its investment more in areas such as artificial intelligence and marketing.

Financial solutions: BJ ABS has been focusing on the delivery and maintenance of banking system products. During the Reporting Period, the Group ensured the core business systems of two major customers to put into production and achieved two key breakthroughs, including the upgrade of the core business system of a local bank in Hong Kong and the upgrade of distributed core system of an IT application innovation enterprise in Mainland China. In terms of overseas finance IT services, Hi Sun FinTech Global actively carried out market expansion and research and development of new product technologies. During the Reporting Period, it successfully signed contracts with three new customers and achieved

business breakthroughs in Malaysia. It also completed the recruitment of local sales staff in Myanmar in Myanmar, Vietnam and other markets. In the future, it plans to set up an overseas representative office in Kuala Lumpur to better serve overseas customers. In terms of research and development of new products and technologies, the Group made new breakthroughs in the new generation of decentralized and micro-service core systems and successfully signed contracts with new customers. In addition, the Group launched a new generation e-wallet payment products with partners, which have been successfully put into use in Thailand and an African country. Meanwhile, the Group will focus on the business opportunity of overseas IBM mainframe migration, and carry out further technological research and development.

The Group commented “Despite the weak recovery of the world economy, China’s economy as a whole maintained its positive fundamentals. All industries continued accelerating the pace of digital transformation. As an in-depth participant in digital solutions, we will continue to strengthen ecological construction with partners with an open, mutual consultation and win-win attitude, help small and micro enterprises accelerate digital transformation and growth, as well as create 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 Technology”, 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*