



## HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司\*

(Stock code: 818.HK)

**Hi Sun Tech Achieves New Record for 2017 Annual Results  
Net Profit Increases 25% to HK\$390 Million  
Driven by Significant “Payment + Financial” Business Strategy,  
And Continuous Rapid Growth in Payment Processing Solutions Business**

### Financial Highlights

| <i>HK\$'000</i>  | <b>FY2017</b> | <b>FY2016</b> | <b>Change</b> |
|--|---------------|---------------|---------------|
| Revenue  | 2,909,978     | 1,921,237     | +51%          |
| From payment processing solutions  | 1,979,939     | 1,050,313     | +89%          |
| From information security chips and solutions  | 177,224       | 56,539        | +213%         |
| Segmental operating profit   | 303,197       | 193,980       | +56%          |
| From payment processing solutions  | 260,657       | 169,652       | +54%          |
| From information security chips and solutions  | 26,390        | 5,871         | +349%         |
| Operating profit   | 300,177       | 132,323       | +127%         |
| Profit for the year  | 389,514       | 312,656       | +25%          |
| Basic earnings per share for profit attributable to equity holders of the Company (HK\$) | 0.125         | 0.102         | +23%          |

[7 March 2018, 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 2017 (the “Reporting Period”).

During the Reporting Period, reaping the continuous growth from the operational scale of the payment processing solutions segment, the consolidated revenue of the Group amounted to HK\$2,910.0 million, representing an increase of 51% when compared with HK\$1,921.2 million for the same period last year. Operating profit was HK\$300.2 million, representing an increase of 127% when compared with HK\$132.3 million for the same period last year. Profit for the year was HK\$389.5 million, which increased by 25% when compared with HK\$312.7 million for the same period last year.

Basic earnings per share for profit attributable to equity holders of the Company increased 23% to HK\$0.125.

**The Group’s “Payments + Financial” strategy proves successful; diversified products drive payment processing business increase**

During the Reporting Period, the Group’s payment processing business, as the Group’s major development direction and main source of revenue, achieved a segmental revenue of HK\$1,979.9 million, which increased by 89% as compared to HK\$1,050.3 million for the same period last year. Segmental EBITDA increased by 71% to HK\$432.4 million. Segmental operating profit increased by 54% to HK\$260.7 million.

Benefited from continuous expansion of the third party offline acquiring market, the payment processing business has scaled rapidly. By the end of December 2017, 隨行付支付有限公司 (“SXF” or “VBill”), a subsidiary of the Group mainly engaged in payment processing business, achieved nearly doubled in the accumulated number of active merchants in Mainland China to 2.5 million (Ended 2016: approximately 1.4 million). The annual transaction volume exceeded RMB1,100 billion, while monthly transaction volume also hit a new high. In December 2017, the monthly transaction volume exceeded RMB110 billion.

In addition to growth in SXF’s merchant base and transaction volume, SXF made strides in diversifying its revenue streams. The Group launched its “smart payment platform”, which integrates various payment methods including “UnionPay QuickPass (銀聯雲閃付)”, “WeChat Pay (微信支付)”, “Alipay (支付寶)”, and bank cards, and various terminals ranging from traditional POS, MPOS to APP Cashiers (APP 收銀台), card accepting facilities, easy code-scanning terminals, and Smart POS, to provide a comprehensive set of application solutions to industry players. The Internet payment business has commenced in the second half of the year, and annual transaction size has exceeded RMB13.0 billion.

In June 2017, SXF successfully passed review by the People’s Bank of China, and renewed its licenses for bank card acquiring, Internet payment, and mobile payment until June 2022. SXF also obtained the “Internet micro-lending license” in September 2017, allowing SXF to commence lending business for online merchants and individuals. Looking forward, SXF will use its payment services as an entry point to explore the demand for various financial products and services among small and micro size merchants. The Group expects to benefit from the regulatory policy in favor of licensed institutions and enjoy better development opportunities under the business strategy of “Payment + Financial”.

**Information security chips business tripled, R&D accelerated, and lower production costs expected**

In addition to notable growth in the payment processing business, the Group’s information security chips and solutions business also surged during the Reporting Period. Segmental sales volume was HK\$177.2 million, representing an increase of 213% as compared with that for 2016. Segmental operating profit was HK\$26.4 million, an increase of 349% as compared to HK\$5.9 million in 2016, largely attributable to a drastic increase in security micro-controller (MCU). The information security

chips and solutions business is mainly engaged in the provision of payment security authentication solutions and information security transmission solutions to payment terminals and other information security devices. Through the development in recent years, the Group has become one of China's major suppliers for financial payment security authentication and information security transmission chips and solutions. To enhance operational efficiency, the Group split its information security chips and solutions segment from its power meters and solutions segment. In 2018, the Group will closely monitor Central Bank policies targeting the payment market, and actively proceed its research and development to expand profits while lowering the production costs.

Other fundamental businesses of Hi Sun continued to maintain a steady development. On the basis of strengthening the presence in the traditional customer market, the Group's financial solutions segment continued to invest strategically in three areas, namely: (1) expanded mid to small-sized customer groups, such as city commercial banks; (2) actively extended to foreign banks and overseas customer groups; and (3) explored the financial services markets other than banking customers. During the Reporting Period, the Group secured its first deal in the insurance market, and entered into IT service contracts with Taikang Life Insurance Co., Ltd. and Minsheng Life Insurance Co., Ltd.

For the platform operation solutions segment, the Group has renewed the operational supporting services contract with the E-commerce Base of China Mobile. The new record high created by the annual transaction volume of “和包” business, along with the strong demand of the E-commerce Base for the product development, business operation and system maintenance services, will definitely bring more market opportunities for the Group in terms of this segment.

**The Group commented,** “Driven by significant growth in China's payment market, together with our business strategy of “Payment + Financial”, we have made several breakthroughs over the past year. The notable growth in our payment processing solutions and information security chips and solutions boosted the 2017 annual results to hit a new record high. Looking forward, by leveraging on the leading position in the industry, the Group strives to achieve steady development and persistently explores, strengthens and utilizes its core technologies and synergies in financial technologies and service chain on both the upstream and downstream, online and offline, and software and hardware fronts. The Group endeavors to work diligently and excels in its performance. Riding on the development tides of internet finance and financial technologies, the Group will reap more fruitful results.”

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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, financing, and telecommunications in China. Hi Sun Tech is principally engaged in the provision of payment processing solutions, financial solutions, platform operation solutions, as well as sales of information security chips and solutions, electronic power meters and solutions.

**For investor enquiries**

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*\*For identification purpose only*