



## 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 2019 Interim Results: Net Profit Increases 473% to HK\$400 million

#### Establish a Benchmark for Risk Control and Compliance Operations, Consolidate the Competitive Advantage of Payment Industry

#### Results Highlights

1. The Company's payment processing solutions segment continued to grow during the Reporting Period. In 1H2019, the cumulative transaction volume exceeded RMB935 billion, an increase of 36% over the same period of last year. The number of mobile QR code payment transactions increased by more than 12 times over the same period of last year.
2. The Group continued to focus on compliance development, seeking out innovation in payment security and creating an intelligent big data risk control system.
3. Seeking to create greater value and more opportunities in fintech, the Group worked with more enterprises, merchants, financial institutions, third-party payment platforms, and consumers to build a closer, mutually beneficial business ecosystem.

#### Financial Highlights

HK\$'000	1H2019	1H2018	Change
Revenue	3,005,796	1,945,075	+55%
From payment processing solutions	2,564,269	1,490,689	+72%
From information security chips and solutions	168,775	172,979	-2%
Segmental EBITDA <sup>▲</sup>	589,886	369,032	+60%
From payment processing solutions <sup>▲</sup>	621,560	387,705	+60%
From information security chips and solutions <sup>▲</sup>	12,439	15,398	-19%
Profit for the period	400,271	69,843	+473%
Basic earnings per share for profit attributable to equity holders of the Company (HK\$)	0.12	0.02	+500%

<sup>▲</sup> Excluding the non-cash share option expenses of approximately HK\$7,896,000 under the information security chips and solutions segment during the Reporting Period, approximately HK\$195,300,000 under the payment processing solutions segment in 1H2018, and fair value gain on financial asset at fair value through profit or loss.

[12 August 2019, 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 interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019 (the “Reporting Period”).

During the Reporting Period, the Group’s consolidated revenue amounted to HK\$3,005.8 million, representing an increase of 55% when compared with HK\$1,945.1 million for the same period last year. The Group’s operating profit was HK\$360.4 million, representing an increase of 1,156% when compared with HK\$28.7 million for the same period last year. Profit for the Reporting Period was HK\$400.3 million, representing an increase of 473% when compared with HK\$69.8 million for the same period last year. The increase in net profit was primarily attributable to the continued growth of the payment processing solutions segment. Basic earnings per share for profit attributable to equity holders of the Company increased by 500% to HK\$0.12.

### **Strengthening Payment Risk Management, Improving Efficiency to Deliver High-quality Solutions**

During the Reporting Period, the payment processing solutions segment was in good momentum. The segmental turnover amounted to HK\$2,564.3 million, representing an increase of 72% when compared with the same period last year, and the segmental operating profit represents an increase of 690% when compared with the same period last year. In the first half of 2019, the cumulative transaction volume exceeded RMB935 billion and the number of transactions handled was more than 3,950 billion, an increase of 36% and 140% over the same period of last year respectively. The number of transactions increased by more than 12 times over the same period of last year contributed mainly to the rapid growth of mobile QR code payment transactions.

Payment security and compliance have always been a highly concerned issue for the industry. As the regulatory authorities strengthen the industry supervision and the financial payment market is gradually in line with international market, VBill (“隨行付”), a subsidiary of the Group primarily engaged in payment processing business further strengthened the investment in risk control. The “Tianjing” (“天鏡”) risk control system based on expert rules was officially put into use during the Reporting Period, and a comprehensive scan was

conducted for all merchants, which optimized the structure of merchants, paid more attention to their quality and reduced their risks. As of the end of June 2019, the accumulated number of active domestic merchants exceeded 3,900,000.

### **Exploring Value in Data to More Precisely Match Customer Needs**

VBill has been focusing on offline-based scenarios for the past years, accumulating experience and deepening the value of its offline payment data. The fintech online micro-lending business further optimized the risk control model and cautiously controlled the lending scale for the micro-lending business. In the future, the Group will continue to explore more values in fintech by means of partnering with more enterprises, merchants, financial institutions, third-party payment platforms, and consumers to build a closer, more mutually beneficial business ecosystem.

During the Reporting Period, the Group came to an agreement with a private fund investor in relation to the conditional subscription of new VBill shares, and it is expected to bring strategic benefit to the Group. The subscription will provide funding for further developing the Group's business network, thereby contributing to business expansion, and reinforcing comprehensive strength and growth potential, as well as creating more future funding opportunities.

Facing fierce market competition and a complex external environment, the Group also focused on its other fundamental business segments. During the Reporting Period, the performance of the Group's information security chips and solutions segment remained similar to the same period last year. Research and development projects are progressing smoothly and cost reduction initiatives of various products are rolling out in an orderly manner. For the platform operation solutions segment, the Group continued to provide operational support services for three of China Mobile's bases, and expected to follow the vigorously development in integrated payment, featured e-commerce, and fintech business of China Mobile, and awaited to gain more business opportunities. Meanwhile, the Group will spend utmost effort to expand outside communications industry. For its financial solutions segment, while ensuring the stability of traditional business with domestic banks and their overseas branches, the Group also increased the investment in new product research and development, particularly worth mentioning that winning the relevant bid for

the business system construction project of Guizhou Bank during the Reporting Period. Besides, the overseas business layout has been proceeding positively.

**The Group commented,** “With the continuous expansion and improvement of digital payment technology, China’s third-party payment industry has entered a critical period of transformation. Facing a new round of industry regulations and changes, the advantages of payment institutions with their own unique strengths have become much more significant. At the same time, the Group also believes that compliance development remains critical for the success of the entire industry. As such, the Group will continue to focus on strengthening its safety and compliance systems and precision risk control, while investing in new technologies to help create a more convenient and inclusive fintech ecology, and greater value for shareholders, customers, and the society.”

— End —

#### **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, financial solutions, platform operation solutions, as well as sales of information security chips and solutions, and electronic power meters and solutions.

#### **For investor enquiries**

Please email to [ir@hisun.com.hk](mailto:ir@hisun.com.hk)

\*For identification purpose only