



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 2020 Interim Results: Continues to Advance “Digitalization” Strategy

Resolves Operational Challenges of Small and Micro Companies, Sparks New Momentum in the Post-Epidemic Era

Results Highlights

1. During the Reporting Period, COVID-19 drove a significant decrease in operation activities from small and micro companies, as well as consumer consumption of goods and services. As a result, the Group’s transaction volume of payment business fell by 22.4%, over the same period last year, to approximately RMB720 billion.
2. The epidemic accelerated merchants’ integration process of online and offline business. During the Reporting Period, the Group continued to advance its “digitalization” strategy with “payment + marketing” as the core strategy, and stepped up cooperation with SAAS service providers to improve merchants’ operational efficiency. More than 1,700 partner products had been successively launched on the platform.
3. The Group will continue to follow the principles of compliance and security to actively promote the large-scale and multi-dimensional development of payments and other business segments.

Financial Highlights

HK\$'000	1H2020	1H2019	Change
Revenue	2,022,166	3,005,796	-33%
From payment processing solutions	1,667,327	2,564,269	-35%
From information security chips and solutions	170,757	168,775	+1%
Segmental EBITDA [▲]	312,414	589,886	-47%
From payment processing solutions [▲]	336,527	621,560	-46%
From information security chips and solutions [▲]	19,018	12,439	+53%
Profit for the period	215,015	400,271	-46%
Basic earnings per share for profit attributable to equity holders of the Company (HK\$)	0.06	0.12	-50%

[▲] Excluding the non-cash share option expenses of approximately HK\$7,896,000 under the information security chips and solutions segment in 1H2019.

[13 August 2020, 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 2020 (the “Reporting Period”).

During the Reporting Period, the Group’s consolidated revenue amounted to HK\$2,022.2 million, representing a decrease of 33% compared with HK\$3,005.8 million for the same period last year. The Group’s operating profit was HK\$142.7 million, representing a decrease of 60% compared with HK\$360.4 million for the same period last year. Profit for the Reporting Period was HK\$215.0 million, representing a decrease of 46% compared with HK\$400.3 million for the same period last year. The decrease in net profit was primarily attributable to slowed development in payment processing solutions and other business segments due to the effects of the COVID-19 (the “epidemic”) outbreak and the epidemic prevention and control measures. Basic earnings per share for profit attributable to equity holders of the Company decreased by 50% to HK\$0.06.

“Payment+” Boosts Digital Upgrades of Small and Micro Companies

Affected by the global epidemic, the small and micro companies’ operation activities decreased significantly, and the scale of consumer consumption of goods and services declined rapidly. As a result, the Group’s transaction volume of payment processing solutions fell by 22.4% to approximately RMB720 billion. During the Reporting Period, the segmental turnover of payment processing solutions decreased by 35% from the same period last year to HK\$1,667.3 million. The segmental operating profit was HK\$213.0 million, representing a decrease of 51% over the same period last year. Ended 1H2020, the Group’s payment processing solutions recorded 3.2 million accumulated active domestic merchants.

During the epidemic, significant reductions in small and micro companies’ operation activities highlighted the importance of online redirection and digitalized operation. VBill OPCO (“VBill”), a subsidiary of the Group primarily engaged in its payment processing business, grasped payment entrance and data advantage, helped merchants achieve the integrations of their online and offline businesses, and created a “VBill OPCO business circle” to expand merchants’ sales channels and increase sales. In addition, the Group stepped up cooperation with SAAS service providers, and was committed to improving the informatization and operational efficiency of merchants to help merchants reduce costs and increase efficiency. Currently, more than 1,700 partner products have been successively launched on the VBill platform.

Looking ahead to the second half of the year, the Group will continue to follow the principles of compliance and security to actively promote the large-scale development of the mobile QR code business, with "payment + marketing" as the core strategy, while also expanding

the market share of cross-border payment business.

Diversifying Layout to Grasp New Opportunities in the “Post-Epidemic” Era

Despite the other fundamental business segments of the Group were affected by the epidemic and its prevention and control measures during the Reporting Period, the Group has been and will continue to consolidate its advantages amid the changing situation, escorting each business segment to make progress while maintaining stability. During the Reporting Period, the growth of the Group’s information security chips and solutions segment tended to be slow, however research and development projects are progressing smoothly and cost reduction initiatives of various products are rolling out in an orderly manner. It is expected that the market will develop steadily in the second half of the year. For the platform operation solutions segment, the Group successfully renewed the contracts with China Mobile Financial Technology Co., Ltd., the IVR Base of China Mobile, and the Comics Base in relation to the new product development, systems operation and maintenance, and business operation support; and actively extended cooperation in related projects of China Mobile’s provincial companies and other professional companies. Looking forward, the Group will continue to accelerate its expansion in the markets of domestic mobile operators, and the exploration and development of our own e-commerce business, to cultivate new revenue growth opportunities. For its financial solutions segment, the Group fully leveraged its deep-rooted advantages in the banking core business system for years to help a large domestic commercial bank achieve its core business system upgrade and transformation during the Reporting Period. The Group also had chance to copy relevant implementation skills and methodology to other city commercial banks. Additionally, the Group specifically established a subsidiary to conduct product research and development, and deployed channels expansion based on the characteristics of overseas financial IT service market. For its electronic power meters and solutions segment, the Group continued to win the bid in the unified tender of the State Grid during the Reporting Period.

The Group commented, “The epidemic has negatively impacted many industries, but the short interruption of business and economic activity has also spawned many new industries, new formats, and new models. The online commercialization of goods and services and the integration of online and offline business models continue to penetrate, and changes in consumption models have driven offline merchants to carry out digital transformation from the demand side. The Group will fully leverage its advantages accumulated by being deeply engaged in the industry for years, to continuously promote its ‘digitalization’ strategy, help small and micro enterprises resolve management challenges, and fulfill its goal of offering less costly, more efficient, and diversified payment and fintech services to a wider user base, thereby creating greater value for the shareholders, clients, and 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 Technology is principally engaged in the provision of payment processing solutions, financial solutions, and platform operation solutions, as well as the sale of information security chips and solutions, and electronic power meters and solutions.

For investor enquiries

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**For identification purpose only*