



## 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 2021 Annual Results: 2021 Adjusted Net Profit Increases 20% to HK\$642 Million Focuses on Product and Technological Innovation and Enhances Digital Service Capabilities

#### Results Highlights

1. The overall operation of the Group has gradually returned to normal, thanks to the strict and effective epidemic prevention and control measures in Mainland China and the orderly resumption of economic activities;
2. The Group's payment transaction volume increased by approximately 14% compared to last year to approximately RMB1,670 billion; In particular, the SaaS-based QR code payment service and digital services developed in concert, the QR code payment transaction volume more than tripled, and the number of daily transactions peaked at more than 16 million;
3. In order to improve management efficiency and effectiveness, the Group separated "fintech solutions and services" from the "payment processing solutions" segment. As of the end of 2021, the Group's supply chain finance sector has cooperated with more than 19 banks, 2 trust companies, serving more than 4,800 suppliers and helping suppliers at all levels to raise more than RMB 12.5 billion in total;
4. The "Issuance of asset-backed securities under VBill Supply Chain Finance (Phase 1-15) Asset-backed Scheme" (the "ABS Scheme") received the no-objection letter from the Shanghai Stock Exchange. On 27 January 2022, the first phase of the ABS Scheme with a total issue size of RMB309 million (equivalent to approximately HK\$380 million) was established;
5. During the Year, Megahunt HK, the purchaser and Megahunt entered into a share transfer agreement for the disposal of an aggregate of approximately 20% of the issued share capital of Megahunt. Upon completion of the disposal, the Company's interest in Megahunt will be decreased from approximately 65.73% to 45.73%, and Megahunt will be accounted for as an associate of the Company<sup>1</sup>;
6. During the Year, the Group recorded a non-cash aggregate gain of approximately HK\$3,056 million in connection with the Cloopen Listing.

#### Financial Highlights

HK\$'000	FY2021	FY2020 (Restated)	Change
Revenue	4,182,684	3,844,618	+9%
From payment processing solutions	3,342,837	3,107,080	+8%
From fintech solutions and services	212,552	159,127	+34%
Segmental EBITDA <sup>2</sup>	788,193	790,726	-0.3%

1. As at 31 December 2021, completion of the Share Transfer Agreement II (first tranche), Share Transfer Agreement III and Share Transfer Agreement IV had taken place and the Group's interest in Megahunt decreased from approximately 65.73% to approximately 54.10%. Megahunt remained a subsidiary of the Company as at 31 December 2021.

2. Excluding write off of property, plant and equipment, net fair value gains on financial assets at fair value through profit or loss and employees' incentive program of a subsidiary.

From payment processing solutions	809,910	822,237	-1%
From fintech solutions and services	18,966	11	+172,318%
Adjusted net profit <sup>3</sup>	642,303	533,951	+20%
Net fair value gains on financial assets at fair value through profit or loss	181,258	245,190	-26%
Gains on deemed disposals of investments accounted for using the equity method	2,861,475	-	N/A
<b>Profit from continuing operations</b>	<b>3,623,736</b>	<b>771,631</b>	<b>+370%</b>
<b>Profit from discontinued operation</b>	<b>61,300</b>	<b>7,510</b>	<b>+716%</b>
Profit for the year	3,685,036	779,141	+373%
Basic earnings per share for profit attributable to equity holders of the Company (HK\$)	1.268	0.236	+437%

[23 March 2022, 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 2021 (the “Year”).

During the Year, thanks to the strict and effective epidemic prevention and control measures in mainland China, economic activities resumed in an orderly manner. Although the overall operating conditions of the Group were unable to catch up with the pre-pandemic level, the Group gradually returned to normal compared with the same period last year. The Group’s consolidated revenue amounted to HK\$4,182.7 million, representing an increase of 9% compared with HK\$3,844.6 million for the same period last year. Segmental EBITDA was HK\$788.2 million, a decrease of 0.3% as compared to HK\$790.7 million for the corresponding period of last year. Adjusted net profit was HK\$642.3 million, an increase of 20% from HK\$534.0 million for the same period last year.

## Business Review

### ***Co-ordinated Development of SaaS-based QR Code Payment Service and Digital Services***

During the Year, the epidemic prevention and control in mainland China achieved considerable success and the Group’s payment processing business gradually recovered as a result of a gradual resumption of offline consumers’ consumption of goods and services, driving the payment transaction volume to increase by approximately 14% compared to last year to approximately RMB1,670 billion. Segmental turnover amounted to HK\$3,342.8 million, representing an increase of 8% compared with the same period last year. Segmental operating profit amounted to HK\$579.4 million, representing an increase of 9% compared with the same period last year. During the Year, the Group seized the opportunities of digital development, actively increased the penetration of scenarios, promoted the coordinated development of SaaS-based QR code payment services and digital services, and continued

3. Excluding net fair value gains on financial assets at fair value through profit or loss and gains on deemed disposals of investments accounted for using the equity method.

to provide merchants with more in-depth digital empowerment and increase merchants' stickiness. The QR code payment transaction volume more than tripled as compared to last year, and the number of daily transactions peaked at more than 16 million.

Over the past decade, the Group has provided payment services for more than 10 million offline merchants in the payment industry and accumulated rich experience, and is well aware that the penetration rate of digital services, including O2O platforms and smart business terminals, among online and offline small, medium and micro merchants, still has a large room for improvement. During the Year, the Group actively explored and innovated, and launched digital products for three specific scenarios to further provide merchants with efficient, cost-saving and customised digital solutions, and achieved notable results in product development, market validation and commercial application, including 1) providing community stores with personalised smart customer-locking marketing solutions, helping stores to enhance consumer stickiness, with the number of transactions per capita more than tripled, achieving rapid sales growth and such products have been promoted to 440,000 merchants; 2) Providing all-rounded smart solutions integrating management, marketing and user experience for the managers, merchants and consumers of the vegetable market, striving to build a digital ecosystem, and such products are serving nearly 100 vegetable markets; 3) Providing retailers with digital and intelligent business decision-making solutions on the basis of big data instead of manual management, helping merchants achieve automatic replenishment and intelligent product selection, which allowed merchants to reduce out-of-stock loss rate by 2/3 and the turnover days by 1/3. At present, such products have been verified by 2,000 stores in the market.

### ***Separation of “Fintech Solutions and Services” to Improve Management Efficiency and Effectiveness***

During the Year, in order to improve management efficiency and effectiveness, the Group separated “fintech solutions and services” from the “payment processing solutions” segment. Fintech solutions and services mainly include micro-lending, supply chain finance, factoring business, credit assessment services and related products and solutions. In particular, the supply chain finance sector made great progress, and two relevant major product service platforms under this sector, namely the Suixin Cloud Chain Financial Service Platform and the Commercial Bill Financing Service Platform, also achieved positive results during the Year.

As the Group's self-developed supply chain financial technology service platform, Suixin Cloud Chain Financial Service Platform mainly serves core enterprise suppliers. Relying on the blockchain, big data, cloud computing and other financial technologies, it has built an industrial financial ecosystem, effectively running across credit barriers in the industry chain, achieved business credit empowerment for core enterprises, and solved the difficult,

expensive and slow financing problems for small and medium-sized enterprises along the industrial chain. The Commercial Bill Financing Service Platform mainly provides one-stop bill standardisation services and Sui Quick Bill Discounting services, supports commercial bill pledge financing and instant discounting of bank bills, integrating with financial institutions such as banks to provide small and medium-sized enterprises with efficient, convenient, compliant and safe financing services. As of the end of 2021, the Group has cooperated with more than 19 banks and 2 trust companies, serving more than 4,800 suppliers, and helping suppliers at all levels to raise more than RMB 12.5 billion in total.

In January 2022, the “Issuance of asset-backed securities under VBill Supply Chain Finance (Phase 1-15) Asset-backed Scheme” (the “ABS Scheme”) received the no-objection letter from the Shanghai Stock Exchange, which means that the ABS Scheme can be issued in not more than 15 Phases by 31 December 2023 with the maximum issue size of RMB 1,000,000,000. The priority tranche of the ABS will be traded on the Shanghai Stock Exchange. On 27 January 2022, the first phase of the ABS Scheme with a total issue size of RMB309,000,000 (equivalent to approximately HK\$380,070,000) was established.

***Other Business Segments Continued to Focus on Product Innovation and Market Expansion***

- Platform operation solutions: During the Year, the Group continued to provide stable product technical services and business operation support services for China Mobile Financial Technology Co., Ltd. In addition, the Group expanded its business beyond telecom operators to new customers, such as the securities industry. Looking forward, on the basis of deepening the scale of business cooperation with operators, the Group will increase investment in research and development, expand customers in more industries, focus on technical services and payment solutions in emerging industries with innovative thinking, and further expand the Group’s business scale.
- Financial solutions: During the Year, for mainland China, the new-generation of decentralised micro-service core banking products developed by Beijing Hi Sun Advanced Business Solutions Information Technology Limited (“ABS”) were verified and launched. In 2022, the focus of ABS’s work is to use the non-inductive down-moving process to help customers realise the technology upgrade of the core system; For Hong Kong and Macau, the Group’s focus is to solidly assist customers in the daily operation and maintenance services of relevant systems, and use innovative financial products to help customers achieve rapid production of innovative businesses. At the same time, the Group exported the popular and mature Internet financial technology framework in mainland China to customers, helping customers to gradually complete the technology upgrade; For overseas, Hi Sun Fintech Global completed the core business system launching of Banque Pour Le Commerce Exterieur Lao Public, as well as successfully signed contracts in relation to IT systems construction projects for three banks in Kazakhstan, Cambodia and Singapore. Additionally, the Group managed to sign the

procurement contract for new products based on a decentralised, micro-service technology architecture. The project is expected to be put into production in the first half of 2022. A Cambodia representative office was established during the Year to localise its service team.

- Information security chips and solutions: During the Year, affected by the tightened global semiconductor supply chain, the competition of the information security chip industry became more intense. However, the increase in sales compared to the preceding year was mainly due to the active stocking of downstream customers because of the tight semiconductor supply chain. It is expected that the information security chip market will develop steadily in 2022, and the security chips used in the Internet of Things (IoT) will achieve preliminary sales in 2022. In addition, during the Year, Megahunt HK, the purchaser and Megahunt entered into a share transfer agreement for the disposal of an aggregate of approximately 20% of the issued share capital of Megahunt (representing an aggregate of RMB11,960,002 registered capital) at an aggregate consideration of RMB208,727,200. Upon completion of the disposal, the Group's interest in Megahunt will be decreased from approximately 65.73% to approximately 45.73%, and Megahunt will cease to be a subsidiary of the Company and will be accounted for as an associate of the Company. The disposal is expected to bring strategic benefits to Megahunt's long-term growth. Through the establishment of cooperative relationships with new investors, it is expected that Megahunt can benefit from the experience and reputation of new investors while providing the management team of Megahunt with the opportunity to further acquire proprietary interests in Megahunt, and encouraging them to work towards enhancing the value of equity interests in Megahunt for the benefit of Megahunt and its shareholder(s) as a whole.

**The Group commented,** “With the continuous penetration of digitalisation in business scenarios, the transformation of digitalisation in more segmented scenarios has created complex and ever-changing demands. We believe that the development of the digital economy will stimulate technology iteration and technological innovation, and the consumption scenarios, consumer experience and supply chain efficiency will be redefined. Looking forward, the Group will be more proactive in embracing the development trend of the digital economy. From the perspective of the industrial chain, the Group will flexibly leverage the technical advantages of blockchain, big data and cloud computing etc., to facilitate the digital upgrade of small and micro enterprises in an all-rounded way, and continue to deepen the development of ‘To B’ to achieve the long-term development of the Group.”

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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, fintech solutions and services, platform operation solutions, financial solutions, as well as the sale of information security chips and solutions.

**For investor enquiries**

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*\*For identification purpose only*