



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 2024 Interim Results: Recorded an Adjusted Net Profit of HK\$164 Million Digital Strategy Advances, Segmented Scenarios Continue to Expand

Results Highlights

1. During the Reporting Period, the Group actively promoted the concept of "payment for the people" by focusing on serving frequent small-value payment transaction services. The digital payments continued to grow rapidly by more than 50% year-on-year;
2. The Group continued to introduce new partners for PaaS platform, covering multiple business scenarios. The digital management product "Diansansan" has applied to dozens of sizable chain convenience stores and supermarkets, and the use of four types of products, including "Smart Supply Chain", "Smart Category Management", "Smart In-store Management" and "KPI Monitoring and Analysis" has comprehensively assisted merchants to improve operational efficiency and sales capacity. The new generation of automotive assets digital service platform "Jiexingchejia" achieved a transaction volume of RMB2.6 billion;
3. In terms of cross-border business, the Group has actively established differentiated channel service capabilities and successfully gained access to new paths of payment collection from Brazil in South America and Southeast Asia. Meanwhile, the Group has continued to promote cooperation and innovation in the acceptance of foreign bank cards in China. During the Reporting Period, the Group has qualified as a member of, and directly connected, with three leading payment card services corporations, including VISA, Mastercard and American Express. The Group's foreign card business has set foot in 20 provinces, municipalities and autonomous regions;
4. In terms of fintech services, Suixin Cloud Chain Platform launched E-Finance, a new business product which not only effectively addresses the financing needs of multiple tiers of upstream suppliers for core enterprises, but also offers access to more financial support for financing enterprises through asset securitization. Subsequent to the launch of the new offering, currently the number of registered enterprises on our cloud chain platform has reached approximately 5,000, of which nearly 1,000 first joined us in the first half of 2024, a year-on-year increase of 136%;
5. Suixin Cloud Chain Platform continues to further cooperation with commercial banks. Now with over 40 financial institutions joined, the Group offers even more and better financing options for small and medium sized-companies. In the first half of this year, Suixin Cloud Chain Platform helped small and medium sized-companies raise more than RMB9 billion, an increase of 242% year-on-year.

Financial Highlights

HK\$' 000	1H2024	1H2023	Change
Revenue	1,176,888	1,310,613	-10%
From payment and digital services	892,230	1,023,502	-13%
From fintech services	43,904	115,660	-62%
Gross profit	413,836	476,332	-13%
Gross margin	35.2%	36.3%	-1.1pp
Segmental EBITDA ¹ (before unallocated items)	75,379	168,465	-55%
From payment and digital services	117,472	175,405	-33%
From fintech services	(20,372)	58,887	N/A
Operating profit	9,488	69,735	-86%
Adjusted net profit ²	164,011	349,414	-53%
Impairment of investment in an associated company	(140,865)	-	N/A
Fair value gains on financial assets at fair value through profit or loss ("FVPL")	269	4,316	-94%
Gain on disposal of a subsidiary	-	3,277	N/A
Profit for the period	23,415	357,007	-93%
Basic earnings per share of profit attributable to shareholders of the Company (HK\$)	0.001	0.115	-99%

[20 August 2024, 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 2024 (the "Reporting Period").

During the Reporting Period, the Group's consolidated revenue amounted to HK\$1,176.9 million, representing a decrease of 10% compared with HK\$1,310.6 million for the same period last year, which is primarily due to the Group being in a phase of strategic adjustment for the digital payment business. The adjustments include expanding into digital payment services, which have lower handling fees compared to traditional payment and allocating additional resources to overseas and cross-border business in response to market trends, resulting in short-term pressure on operating profit; Segmented EBITDA was HK\$75.4 million; Adjusted net profit was HK\$164.0 million, representing a decrease of 53% compared with HK\$349.4 million for the same period last year.

1. EBITDA is calculated by excluding interest expense, taxes, depreciation, amortisation and fair value gains on financial assets at FVPL, net from segmental operating profit;

2. Excluding impairment of investment in an associated company, fair value gains on financial assets at FVPL, net and gain on disposal of a subsidiary

Business Review

Continuously Promoting the Digital Strategy, Exploring Diverse Business Scenarios

The Group adheres to and actively promotes “payment for the people” by focusing on serving frequent small-value payment transactions and continuously advances the digital strategy. During the Reporting Period, digital payment volume continued to grow rapidly by more than 50% year-on-year.

During the Reporting Period, the Group continued to introduce new partners for PaaS platform, comprehensively covering transactions from various segmented business scenarios including catering, retail, second-hand car trading market, gas station, hotel, tourist attraction, wet market, property management to payment in campus. Merchants have benefitted from the application of “Diansansan”, one of our digital management products specifically for the retail industry, in dozens of sizable chain convenience stores and supermarkets, and the use of four types of our products, including “Smart Supply Chain”, “Smart Category Management”, “Smart In-store Management” and “KPI Monitoring and Analysis”, for improved operational efficiency and sales capacity, which in turn had resulted in improved inventory turnover, reduced capital requirement, and achieved intelligent management of the entire product circulation lifecycle.

The Group's new generation of automotive assets digital service platform “Jiexingchejia” is committed to providing global automobile/used car dealers with one-stop digital solutions, including transaction, payment, management, and finance. Transaction volume in the first half of this year alone has reached RMB2.6 billion.

In terms of cross-border business, the Group has always persisted differentiation strategy, actively exploring new regions, new businesses, and new platforms. During the Reporting Period, the Group continued to enhance its business development capabilities and sales efficiency, optimize the differentiated structure of customer base and raise the proportion of high-margin business in a larger scale. At the same time, the Group actively established differentiated channel service capabilities and successfully gained access to new paths of payment collection from Brazil in South America and Southeast Asia. Additionally, the Group delved into the “Easier Payment for Visitors in China” initiative led by the People’s Bank of China to enhance the payment experience for overseas visitors in China and significantly develop the foreign bank cards acquiring business. Currently, the Group has qualified as a member of, and directly connected, with three leading payment card services corporations, including VISA, Mastercard and American Express. In addition, the Group continued to expand acceptance of foreign bank cards in China through cooperation and innovation, in particular around specific merchants in the catering, hospitality, transportation, tourism, shopping, entertainment, and healthcare sectors. Currently, the Group’s foreign card business has set foot in 20 provinces, municipalities and autonomous regions such as Beijing,

Jiangsu, Guangdong, Hunan and Hubei, and plans to steadily tap the market in other cities.

Overall Service Capabilities in Fintech Services Steadily Improved, Empowering Small and Medium-Sized Enterprises to Achieve High-Quality Development

In terms of Fintech Services, the Group's Suixin Cloud Chain Technology Service Platform ("Suixin Cloud Chain") continued to evolve two major business systems, namely corporate credit and data credit.

During the Reporting Period, the Group launched a new business product E-Finance, an electronic debt certificate-based financing product for core enterprises supporting multiple platforms. Compared with preceding Suixin products, it not only covers a wider range of core enterprises, addresses the financing needs of multiple tiers of upstream suppliers for such core enterprises, but also offers access to more financial support for financing enterprises through asset securitization. Subsequent to the launch of the new offering, currently the number of registered enterprises on our Suixin Cloud Chain Platform has reached approximately 5,000, of which nearly 1,000 new enterprises joined us in the first half of 2024, a year-on-year increase of 136%

Suixin Cloud Chain Platform continues to further cooperation with commercial banks. Now with over 40 financial institutions joined, the Suixin Cloud Chain provides more and better financing options for small and medium sized-companies, and enhances our overall competitiveness through continuous optimization of our financial products and services. During the Reporting Period, Suixin Cloud Chain Platform helped small and medium sized-companies raise more than RMB9.0 billion, an increase of 242% year-on-year.

Continuous Market Expansion and Technological Innovation of Other Business Segments

Platform operation solutions: During the Reporting Period, the Group's business scale remained stable, and the Group successfully entered into an agreement with China Mobile Financial Technology Co., Ltd., a key client of the Group, in relation to product development, business operation and system maintenance for the upcoming year. Meanwhile, the Group achieved steady expansion of our corporate WeChat marketing agency operation, and has gained new business opportunities with new operators and financial clients. This year, the Group is expected to have new enterprise partners' onboarding. Furthermore, the Group has continued to optimize fundamental platform and software tools, and ensure advancement and stability of the technology. At the same time, by combining with the Group's business model, the Group has reached out to explore the application of large models and general AI technology.

Financial solutions: BJ ABS has been committed to providing system services for domestic

financial institutions. During the Reporting Period, BJ ABS focused its business on IT application innovation in assisting clients in their transition to localization of key technologies for business systems. In the wake of IT application innovation, not only financial clients in Mainland China, Hong Kong and Macao, but also non-banking institutions, have been presenting their demands in this regard. With BJ ABS's three major downshifting strategies and nine downshifting techniques at play, combined with the latest release of the bank's core IBS9.0 version, the Group expects to produce positive market feedbacks in the future. For overseas business, Hi Sun FinTech Global has set up several overseas representative offices around the world to continuously improve local technical support service capabilities for clients. On the front of market expansion, Hi Sun FinTech Global entered into agreement with two new clients during the Reporting Period, while it is also in the process of outlining their expansion plans in the Middle East and Africa to exploit new overseas markets. In addition, the Group continued to improve the new generation of decentralized and micro-service core systems as part of our effort in the research and development of new product technologies, and successfully signed new clients during the Reporting Period. At the same time, the Group also actively furthers technology research and development for business opportunities from host downshift, and drives progress for some of the main tasks in the next stage.

The Group commented "Despite the global economic outlook remaining uncertain, we believe that the long-term trend of steady improvement in China's economy has not changed. In the wave of digital development, small and medium-sized enterprises are steadily unlocking and releasing their inherent growth potential. Looking forward, we will continue to work with our partners to build a digital ecosystem with a pragmatic attitude of openness, collaboration and win-win, helping small and medium-sized enterprises accelerate their business upgrades and growth. Meanwhile, we will actively keep an eye on industry trends, accurately grasp customer needs, and deeply engage in product iteration and technological innovation, continuously improving service quality and efficiency to create greater value for shareholders, customers, 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 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*