



## HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司\*

(Stock code: 818.HK)

### Hi Sun Tech Announces 2018 Annual Results: Adjusted Net Profit Increases 65% to HK\$539 million

**The Payment Segment Focuses on Offline Scenario-based Strength,  
Technology Output Capabilities Steadily Holds in the Payment Industry**

#### Results Highlights

1. During the year, the Group's payment processing solutions segment continued to perform well, with annual accumulated transaction volume over 1,630 billion, increased by over 40% compared with last year. Accumulated active domestic merchants exceeded 4.2 million.
2. The Group focused on its offline-based scenario strength, providing the most integrated customized and scenario-based payment solutions for merchants in different industries. By leveraging its innovative Xinlianmeng channel, VBill has achieved its rapid expansion of the micro merchants market in second and third-tier cities.
3. By leveraging the strengthening of technology output capabilities, together with favorable risk control, the Group has assisted its merchants to accomplish the upgrade of smart payments and operations, steadily holding its position within the payment industry in the future.

#### Financial Highlights

HK\$'000	FY2018	FY2017	Change
Revenue	4,661,954	2,909,978	+60%
From payment processing solutions	3,744,922	1,979,939	+89%
From information security chips and solutions	291,567	177,224	+65%
Segmental EBITDA (adjusted) <sup>▲</sup>	862,647	474,582	+82%
From payment processing solutions (adjusted) <sup>▲</sup>	884,448	432,375	+105%
From information security chips and solutions (adjusted) <sup>▲</sup>	26,475	26,867	-1%
Profit for the year	337,290	389,514	-13%
<b>Profit for the year (adjusted)<sup>▲</sup></b>	<b>538,737</b>	<b>326,252</b>	<b>+65%</b>

<sup>▲</sup> Excluding the non-cash share option expenses of approximately HK\$195,300,000 and HK\$6,147,000 under the payment processing solutions segment and the information security chips and solutions segment, respectively, and the absence of a one-off gain of approximately HK\$63,262,000 recorded in 2017 resulting from the disposal of a subsidiary of the Company.

[6 March 2019, 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 2018 (the “Reporting Period”).

During the Reporting Period, the Group’s consolidated revenue reached HK\$4,662.0 million, representing an increase of 60% when compared with HK\$2,910.0 million for the same period last year. The Group’s operating profit was HK\$258.5 million, representing a decrease of 14% when compared with HK\$300.2 million for the same period last year. Profit for the year was HK\$337.3 million, representing a decrease of 13% when compared with HK\$389.5 million for the same period last year. Basic earnings per share for profit attributable to equity holders of the Company decreased by 20% to HK\$0.1.

The Company recorded a one-off gain of approximately HK\$63.3 million resulting from the disposal of a subsidiary of the Company in the corresponding period of 2017, and non-cash share option expenses of approximately HK\$195.3 million and HK\$6.1 million under the payment processing solutions segment and the information security chips and solutions segment, respectively, during the Reporting Period. Excluding the impact from the above-mentioned one-off financial events, the Group's business performance was positive and continued its trend towards growth. Adjusted segmental EBITDA of the Group’s core business was HK\$862.6 million, representing a rapid growth of 82%, when compared with HK\$474.6 million for the same period last year.

### **Payments Segment Focuses on Offline Scenarios, Highlighting Comprehensive Acquiring Capabilities**

During the Reporting Period, the Group’s payment processing segment continued to perform well. Despite the impact from the one-off financial events, segmental operating profit increased by 52% to HK\$397.0 million. Segmental turnover amounted to HK\$3,744.9 million, representing a surge of 89% when compared with HK\$1,979.9 million for the same period last year. Excluding the one-off financial impacts, adjusted EBITDA increased significantly by 105 % to HK\$884.4 million.

The payments processing segment grew strongly due to increased penetration in mobile payment scenarios, and changes in payment method and users’ payment habits. By the end of December 2018,

VBill (“隨行付”), a subsidiary of the Group primarily engaged in payment processing business, recorded over 4.2 million accumulated active domestic merchants in Mainland China (Ended 2017: approximately 2.5 million). The annual accumulated transaction volume reached over RMB1,630 billion, representing an increase of 40% when compared with the same period last year.

Through its innovative Xinlianmeng channel, VBill has recruited a large number of forefront sales personnel in China to create a strong driver for its expansion to micro merchants in second and third-tier cities. VBill's business channel expansion capabilities have not only integrated various fragmented offline payment scenarios and provided comprehensive, customized, and scenario-based payment solutions for merchants in different industries, but also solidified the Group's position amid fierce industry competition.

### **Technology Output Empowers Business Construction, Quality and Efficiency Improvement Maintains the Group's Position Within the Payments Industry in the Future**

By leveraging its accumulated data, technical advantages, and risk control capabilities, the Group consolidated VBill's technology output during the year. Following more than a year of research on risk models, loans granted have grown to over RMB930 million. The Group also utilized blockchain technology and introduced smart contracts in its supply chain financial asset management platform, which has helped attract core enterprises, financial institutions, and operating enterprises.

Facing a complex and changing industry environment, the Group's other fundamental business segments also focused on innovating. During the Reporting Period, segmental turnover of information security chips and solutions increased significantly by more than 65%. Sales of mag-stripe card security decoder chips remained stable, while that of security micro-controller (MCU) grew strongly. Other research and development projects are progressing smoothly. For the financial solutions segment, the Group worked to consolidate its traditional customers market, developing its traditional business lines and product lines while preparing business layouts for the Hong Kong market's virtual banking needs. During the Reporting Period, the Group signed letters of intent with three clients for the construction of virtual banking core business systems. Within its platform operation solutions business, the Group successfully renewed its operation support service contract with China Mobile. Going forward, the Group plans to explore outside the communication industry, in particular, the overseas mobile payment market, thereby achieving sustainable, steady business growth.

**The Group commented,** “In recalling the past 2018, several events have profoundly changed the payment industry, including the official business operations of NetsUnion Clearing Corporation, the disconnection of direct clearing businesses from third-party payment companies and banks, and The People’s Bank of China’s establishment of a centralized deposit account. Given these changes, the Group plans to adhere to its strict compliance management, continuously invest in improvements to its technology, develop more offline scenarios, and take full advantage of synergies between each of its business segments. The Group will continue to offer less costly, and more efficient and diversified payment and fintech services to the market, while striving to return the support of shareholders, customers, and the society.”

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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, 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**

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*\*For identification purpose only*