



## HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司\*

(Stock code: 818.HK)

### Hi Sun Tech Announces 2018 Interim Results Adjusted Net Profit Reaches HK\$265 Million

**Adjusted Segmental EBITDA From Payment Processing Solutions Increases 125 %,  
Maintaining Strong Growth  
All Segments Continue to Innovate,  
Steadily Developing an Unparalleled "Payment + Finance" Edge**

#### Financial Highlights

HK\$'000	1H2018	1H2017	Change
Revenue	1,945,075	1,075,114	+81%
From payment processing solutions	1,490,689	742,794	+101%
From information security chips and solutions	172,979	53,888	221%
Segmental EBITDA (adjusted) <sup>▲</sup>	386,816	172,769	+124%
From payment processing solutions (adjusted) <sup>▲</sup>	387,705	172,085	+125%
From information security chips and solutions	15,398	6,173	+149%
Profit for the period	69,843	209,833	-67%
Profit for the period (adjusted) <sup>▲</sup>	265,143	146,571	+81%

[8 August 2018, Hong Kong] A leading payment & finance solutions provider in China - **Hi Sun Technology (China) Limited** (the "Company"; Stock code: 818.HK) announced the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Reporting Period").

During the Reporting Period, the consolidated revenue of the Group reached HK\$1,945.1 million, representing an increase of 81% when compared with HK\$1,075.1 million for the same period last year. The operating profit was HK\$28.7 million, a decrease of 79% as compared with HK\$138.2 million for the same period last year. Profit for the period was HK\$69.8 million, which decreased by 67% when compared with the HK\$209.8 million for the same period last year. Basic earnings per share for

<sup>▲</sup> Excluding the non-cash share option expenses of approximately HK\$195.3 million under the payment processing solutions segment, and the absence of a one-off gain of approximately HK\$63.3 million recorded in 1H2017 resulting from the disposal of a subsidiary of the Company.

profit attributable to equity holders of the Company decreased by 71% to HK\$0.02.

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 the non-cash share option expenses of approximately HK\$195.3 million under the payment processing solutions segment during the Reporting Period. Excluding the above-mentioned one-off financial impacts, the Group's business performance showed a trend for continuous growth. Adjusted segmental EBITDA of the Group's core business was HK\$386.8 million, an increase of 124%, compared with HK\$172.8 million for the same period last year. Adjusted profit for the period reached HK\$265.1 million, representing an increase of 81% when compared with HK\$146.6 million for the same period last year.

### **Paralleled Technical Improvement and Innovative Channel Help Drive Both the Traditional Payment and Fintech Businesses to Record Growth**

During the Reporting Period, the Group's payment processing business continued its significant strategic direction of the Group and contributed source of revenue and profit. The Group's segmental revenue and adjusted segmental operating profit achieved growth for three consecutive years, excluding the one-off financial impact. Segmental turnover was HK\$1,490.7 million, an increase of 101% compared with HK\$742.8 million for the same period last year. Adjusted segmental EBITDA was HK\$387.7 million, a 125% increase compared with HK\$172.1 million for the same period last year.

The upgraded product features and innovative channels of the Group were stimulated by the continuous advancement in payment technology towards mobilization, intelligence and diversification, together with an increasing demand for payment service from micro merchants. By the end of June 2018, VBill (or "SXF", "隨行付支付有限公司"), a subsidiary of the Group primarily engaged in payment processing business, saw the accumulated active domestic merchants in Mainland China over 2.8 million (1H2017: approximately 2 million). During the Reporting Period, the accumulated transaction volume exceeded RMB685 billion, representing a year-on-year increase of over 46%. Monthly transaction volume hit a new high in the second quarter of 2018, exceeding RMB120 billion per month on average.

During the Reporting Period, through its innovative Xinlianmeng channel, the Group entered into contracts with over 500,000 sales personnels in China, which provided strong momentum for the expansion of micro merchants in second and third tier cities, and convincingly to become a significant driving force for the payment processing business to continue to flourish in the second half of 2018.

Additionally, the Group's fintech business has expanded nationwide, with a total loan granted amounted to RMB200 million. Meanwhile, the Group has launched its supply chain financial asset management platform and ascertained common intention to cooperation with a number of banks. The platform enables effective tackling of accounts receivable challenges faced by SMEs in logistics industry with regard to confirming accounts receivable, transfers, financing, etc.

**Information Security Chips and Solutions Business Continued to Expand While All Segments Relentlessly Innovated**

With financial technology becoming more complex and emerging, the demand for security chips has hit a new high. During the Reporting Period, the Group's Information Security Chips and Solutions business continued to expand. Segmental turnover was HK\$173.0 million, during which the sales volume approximated that for the entire year of 2017. Sales of mag-stripe card security decoder chips remained stable, while sales of security micro-controllers increased dramatically. Other research projects are also progressing smoothly, combining with cost reduction initiatives rolled out by the Group to solidify its advantage in the industry.

Hi Sun pursued continuous innovation on its other fundamental businesses. For its Financial Solutions business—to help strengthen its presence in the traditional customer market, such as large state-owned banks, joint stock commercial banks and their overseas sub-branches. Meanwhile, the Group simultaneously invested in two aspects: (1) expanding medium and small-sized customer sectors such as city commercial banks, and (2) exploring the financial services market for non-banking clients. During the period, the Group was successfully shortlisted in certain financial related non-banking clients' IT service provider catalogues. In its platform operation solutions, the Group successfully renewed the operational supporting services contracts with China Mobile including the E-commerce Base, the IVR Base and the Animation Base. In addition, the Group invested various resources in expanding its payment and e-commerce products, and technology services projects. The Group would continue the establishment of market layout and the input of development resources over a short time, thereby extending business scope from the telecommunications industry to new areas including online healthcare, online education, etc.

**The Group commented,** “With the gradual implementation of regulatory policy for online payments including the disconnection of direct clearing business from the third-party payment companies and banks, as well as the establishment of centralized deposit account by The People's Bank of China, the Group is convinced that the payment industry will return to the business itself, while maintaining rapid growth. In this environment, the Group intends to take an active approach towards its business layout and continue its work to deepen its technological innovation and operational capabilities to consolidate the Group's own industry leading position. The Group will also capture the industry opportunities arising from the “New Regulation” (the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions), and take advantage of the synergies and core technologies in fintech and service industry chain to generate higher returns for its shareholders, clients, 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*