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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

ANNOUNCEMENT

The board (the “**Board**”) of directors of Hi Sun Technology (China) Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), would like to inform the shareholders and potential investors of the Company that on 25 September 2019, a share and warrant purchase agreement (the “**Series E-1 Subscription Agreement**”) was entered into by (i) Cloopen Group Holding Limited (“**Cloopen**”, an investment of the Company accounted for using the equity method), and certain subsidiaries of Cloopen, including Cloopen Limited and Anxun Guantong (Beijing) Technology Co., Ltd. (“**Anxun**”), Beijing Ronglian Yitong Information Technology Co., Ltd. (“**Beijing Ronglian**”) (a company which Anxun exercises control and enjoys economic benefits through contractual arrangements, together the “**Cloopen Group**”); (ii) the founding shareholders and their respective investment holding companies, namely Cloopen Co., Ltd. and Slivo Co., Ltd.; and (iii) a subscriber (the “**Series E-1 Investor**”) and its two related PRC investment fund (the “**Investment Fund**”). On the same day, (i) the Investment Fund, (ii) Cloopen and certain of its subsidiaries, including Cloopen Limited and Anxun, Beijing Ronglian and (iii) a founding shareholder of Cloopen entered into a debt-to-equity investment agreement (the “**Debt-to-Equity Investment Agreement**”).

Pursuant to the Debt-to-Equity Investment Agreement, the Investment Fund has agreed to provide a loan in RMB for an equivalent amount of US\$15,000,000 (the “**PRC Loan**”) to Beijing Ronglian.

Pursuant to the Series E-1 Subscription Agreement, the Series E-1 Investor has agreed to subscribe for one series E-1 preferred share of Cloopen (the “**Series E-1 Preferred Share**”); and the Investment Fund has agreed to subscribe for warrants to be issued by Cloopen (the “**Series E-1 Warrants**”) to subscribe for an aggregate of 6,112,570 series E preferred shares of Cloopen (the “**Warrant Shares**”) at the aggregate price which shall be an amount of US dollars equivalent of the principal amount of the PRC Loan (the currency exchange rate to be applied shall be the actual exchange rate of RMB against US dollars used by corresponding commercial bank that handles the exchange procedures) (the “**Purchase Price**”).

* For identification purpose only

Upon closing of the Series E-1 Subscription Agreement, Cloopen shall issue the Series E-1 Preferred Share to the Series E-1 Investor, Cloopen shall issue the Series E-1 Warrants to the Investment Fund and the Investment Fund shall provide the PRC Loan to Beijing Ronglian.

Prior to the full exercise of the Series E-1 Warrants, the holder of the one Series E-1 Preferred Share shall be entitled to enjoy, exercise, and represent the rights, preference and privileges attached to the Warrant Shares as if the Series E-1 Warrants have been exercised in full, provided that the rights, preference and privileges that Series E-1 Investor or the Investment Fund enjoys shall not be duplicate in any aspect.

Upon the Investment Fund has completed the approval process of outbound direct investment in the PRC, Beijing Ronglian shall repay the PRC Loan to the Investment Fund and the Investment Fund shall exercise the Series E-1 Warrants issued by Cloopen to subscribe for the Warrant Shares at the Purchase Price.

In order to strengthen the further cooperation with the Investment Fund, Beijing Ronglian has agreed to establish a wholly-owned subsidiary in Gui'an New District of Guizhou Province with a registered capital of not less than RMB30 million which will be paid up after Cloopen has received the exercise price from the exercise of the Series E-1 Warrants by the Investment Fund.

The Group is not a subscriber of the Series E-1 Warrants. Upon full conversion of the Series E-1 Warrants, Cloopen shall have issued an aggregate of 6,112,570 series E preferred shares, representing approximately 2.65% of the enlarged issued share capital of Cloopen, to the Investment Fund (assuming 25,838,502 ordinary shares of Cloopen which have been reserved for issuance to officers, directors, employees or consultants of Cloopen pursuant to its employee share option plan (“**ESOP Shares**”) are allotted and issued).

As at the date of this announcement and immediately before exercise of the Series E-1 Warrants, the Group is interested in approximately 24.75% equity interest in Cloopen (assuming all the ESOP Shares are allotted and issued). Upon exercise of the Series E-1 Warrants, the Group's equity interest in Cloopen will be approximately 24.10% (assuming all the ESOP Shares are allotted and issued).

Immediately after exercise of the Series E-1 Warrants, the Cloopen Group shall remain to be an investment of the Company accounted for using the equity method. The Series E-1 Subscription Agreement does not constitute a notifiable or connected transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Hui Lok Yan
Company Secretary

Hong Kong, 25 September 2019

As at the date of this announcement, the Board consists of five executive Directors, namely Cheung Yuk Fung, Kui Man Chun, Xu Wensheng, Li Wenjin and Xu Changjun; and three independent non-executive Directors, namely Tam Chun Fai, Chang Kai-Tzung, Richard and Leung Wai Man, Roger.