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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)

### FINANCIAL UPDATES FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Hi Sun Technology (China) Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders and prospective investors of the Company that following preliminary review of the information which includes, but without limitation to, the unaudited management accounts of the Group for the five months ended 31 May 2021, which have not been audited or reviewed by the auditors of the Company and other information currently available to the Board, the Board expects to report more normalized operating profit (before fair value gain on the convertible preference shares of Cloopen described below) in respect of the six months ended 30 June 2021 (“**1H2021**”) compared to the six months ended 30 June 2020, the results of which had been adversely affected by the effects of the COVID-19 outbreak and epidemic prevention and control measures.

As disclosed in the Company’s announcements dated 20 January 2021, 4 February 2021 and 10 February 2021, the Group’s then associated company Cloopen Group Holding Limited (“**Cloopen**”) listed its American depository shares (“**ADS**”) on the New York Stock Exchange on 9 February 2021 through an initial public offering priced at US\$16.00 (equivalent to approximately HK\$124.8) per ADS (each of which represents two underlying Class A ordinary shares of Cloopen) (“**Cloopen Listing**”) and upon completion of the Cloopen Listing, the Group holds 55,677,341 Class A ordinary shares. As disclosed in the annual report of the Company for the year ended 31 December 2020, upon completion of Cloopen Listing, the Group’s entire interest in Cloopen was classified as a financial asset at fair value through other comprehensive income (FVOCI), with subsequent fair value movement recognised in other comprehensive income. Prior to the Cloopen Listing, the Group’s interest in Cloopen was accounted for (i) using equity method (in respect of ordinary shares held, the fair value of which as at 31 December 2020 was approximately HK\$1,900.5 million (2019: HK\$507.3 million) and the carrying value of which as at 31 December 2020 was zero (2019: zero)), and (ii) as financial assets at fair value through profit or loss (in respect of convertible preference shares held, the fair value and thus carrying value of which as at 31 December 2020 were approximately HK\$418.5 million (2019: HK\$166.1 million)).

\* For identification purpose only

Based on the market price of the ADS (of US\$8.48 as at 30 June 2021 (New York time), equivalent to approximately HK\$66.1) and the market value of the shares of the Cloopen held by the Group (of US\$236.1 million, equivalent to approximately HK\$1,841.4 million) as at 30 June 2021, the Group expects to recognise “other comprehensive loss” of approximately HK\$1,632.9 million in 1H2021 due to the change in fair value of its interest in Cloopen after the Cloopen Listing (i.e. by comparing the market price of the ADS as at 30 June 2021 against the offering price of the ADS).

In 1H2021, the non-cash aggregate gain of approximately HK\$3,055.7 million that arose in connection with the Cloopen Listing calculated by reference to the offering price of the ADS attributable to the Group’s interest in the ordinary shares or convertible preference shares (as the case may be) of Cloopen less the then carrying value of such interest as at 31 December 2020) will:

- (i) in respect of ordinary shares of Cloopen then held by the Group, be credited to profit or loss in the financial statements of the Group for 1H2021 as deemed disposal gain of approximately HK\$2,857.9 million, although such gain will not be classified as operating profit; and
- (ii) in respect of the convertible preference shares held prior to the Cloopen Listing, be reflected in the operating profit of the Group for 1H2021 as fair value gain of approximately HK\$197.8 million.

The information contained in this announcement is based on the preliminary assessment by the Board of the unaudited management accounts of the Group for the five months ended 31 May 2021 which has not been audited or reviewed by the auditors of the Company and other information currently available to the Board. There may be changes or adjustments following further review of the unaudited management accounts for 1H2021 by the Board.

**Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 1 July 2021

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