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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)**

**POSSIBLE MAJOR TRANSACTION  
IN RELATION TO  
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
PAX GLOBAL TECHNOLOGY LIMITED  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made pursuant to Rule 13.09(1) and PN 15 of the Listing Rules.

Reference is made to the announcements of the Company dated 19 August 2010 in relation to the Proposed Spin-off.

The Board announces that with the Proposed Spin-off only of the Company's interest in the EFT-POS Terminal Solutions Business, on 19 August 2010, the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN 15 in relation to the Proposed Spin-off of PAX. The Stock Exchange has granted approval on our PN 15 submission on 15 September 2010 and confirmed that the Company may proceed with the Proposed Spin-off.

On 17 September 2010, PAX submitted a listing application form (for equity securities and debt securities) (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the PAX Shares on the Main Board of the Stock Exchange.

PAX is currently a wholly-owned subsidiary of the Company. The PAX Group is principally engaged in the EFT-POS Terminal Solutions Business.

It is currently proposed that pursuant to the Share Offer, PAX Shares will be offered for subscription by way of public offer in Hong Kong and an international placing to professional, institutional investors and other investors.

In accordance with the requirements of PN 15, the Board proposes to give due regard to the interests of Shareholders by providing qualifying Shareholders with an assured entitlement to PAX Shares by way of a preferential offer of PAX Shares if the Proposed Spin-off proceeds. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

Following completion of the Proposed Spin-off, the Company's percentage holding in the issued share capital of PAX will be reduced from 100% to under 50% but no less than 40% (assuming the Over-allotment Option and the options which may be granted under the PAX Share Option Scheme are not exercised and without taking into account the effect of any customary stock borrowing arrangements) and therefore PAX will cease to be a subsidiary of the Group. Consequently, financial results of the PAX Group will not be consolidated into the accounts of the Group although the Company will remain as a controlling shareholder (as defined in the Listing Rules) of PAX. The Board considers that the Proposed Spin-off will constitute a major transaction of the Company under Chapter 14 of the Listing Rules, if it proceeds. Accordingly, the Proposed Spin-off is subject to approval of the Shareholders. The Company will make further announcement(s) in this regard as and when appropriate. A circular containing, among others, further details of the Proposed Spin-off, a letter of advice from Guangdong Securities on the Proposed Spin-off as well as a notice of a special general meeting to be convened by the Company to approve the Proposed Spin-off will be despatched to the Shareholders in due course. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

**The listing of the PAX Shares pursuant to the Proposed Spin-off is subject to, among other things, the Proposed Spin-off being approved by the Shareholders, the Listing Approval and the final decisions of the Board and of the board of directors of PAX. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the PAX Shares will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.**

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off if and when appropriate.

## **INTRODUCTION**

This announcement is made pursuant to Rule 13.09(1) and PN 15 of the Listing Rules.

Reference is made to the announcements of the Company dated 19 August 2010 in relation to the Proposed Spin-off.

The Board announces that with the Proposed Spin-off only of the Company's interest in the EFT-POS Terminal Solutions Business, on 19 August 2010, the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN 15 in relation to the Proposed Spin-off of PAX. The Stock Exchange has granted approval on our PN 15 submission on 15 September 2010 and confirmed that the Company may proceed with the Proposed Spin-off.

On 17 September 2010, PAX submitted a listing application form (for equity securities and debt securities) (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the PAX Shares on the Main Board of the Stock Exchange.

## **PAX GLOBAL TECHNOLOGY LIMITED**

PAX is currently a wholly-owned subsidiary of the Company. The PAX Group is principally engaged in the EFT-POS Terminal Solutions Business.


## **PROPOSED SPIN-OFF**

It is currently proposed that, pursuant to the Share Offer, PAX Shares will be offered for subscription by way of public offer in Hong Kong and international placing to professional, institutional investors and other investors.

Following completion of the Proposed Spin-off, the Company's percentage holding in the issued share capital of PAX will be reduced from 100% to under 50% but no less than 40% (assuming the Over-allotment Option and the options which may be granted under the PAX Share Option Scheme are not exercised and without taking into account the effect of any customary stock borrowing arrangements) and therefore PAX will cease to be a subsidiary of the Group. Consequently, financial results of the PAX Group will not be consolidated into the accounts of the Group although the Company will remain as a controlling shareholder (as defined in the Listing Rules) of PAX.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Board considers that the Proposed Spin-off is in the interests of the Group and the Shareholders taken as a whole based on the following reasons:

- (i) the Proposed Spin-off will, upon its implementation, allow the Group to focus on the businesses of financial solutions, payment solutions, telecommunication solutions and operation value-added services and electronic power meters and solutions. PAX Group will focus on the EFT-POS Terminal Solutions Business, which has now grown to a size which warrants a separate listing. This will enable the two separate management teams to adopt different business strategies in order to better suit their businesses and with clearer segregation of roles and enhance their ability to focus on opportunities specific to the business of the relevant company, from which both the Group and PAX Group could benefit;
- (ii) in terms of profile for listing, the Proposed Spin-off of PAX Group from the Group will enable each of the Company and PAX to establish its own profile thereby attracting different investors. The Share Offer that forms part of the Proposed Spin-off and the separate listing of the PAX can enhance awareness of, and strengthen, the “” brand which can facilitate the PAX Group’s efforts in developing overseas markets for its products. A separate listing platform will also make it easier for our Group and PAX Group to seek further capital in the future; and
- (iii) since the Company will remain as a controlling shareholder (as defined in the Listing Rules) of PAX, Hi Sun will continue to benefit from the growth and the business prospects of PAX Group through its equity interest in the results of and potential dividends, if any, from PAX.

## **ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT**

In accordance with the requirements of PN 15, the Board proposes to give due regard to the interests of Shareholders by providing qualifying Shareholders with an assured entitlement to PAX Shares by way of a preferential offer of PAX Shares if the Proposed Spin-off proceeds. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

## **POSSIBLE MAJOR TRANSACTION AND SHAREHOLDERS' APPROVAL**

Following completion of the Proposed Spin-off, the Company's percentage holding in the issued share capital of PAX will be reduced from 100% to under 50% but no less than 40% (assuming the Over-allotment Option and the options which may be granted under the PAX Share Option Scheme are not exercised and without taking into account the effect of any customary stock borrowing arrangements) and therefore PAX will cease to be a subsidiary of the Group. Consequently, financial results of the PAX Group will not be consolidated into the accounts of the Group although the Company will remain as a controlling shareholder (as defined in the Listing Rules) of PAX. The Board considers that the Proposed Spin-off will constitute a major transaction of the Company under Chapter 14 of the Listing Rules, if it proceeds. Accordingly, the Proposed Spin-off is subject to approval of the Shareholders. The Company will make further announcement(s) in this regard as and when appropriate.

A circular containing, among others, further details of the Proposed Spin-off, a letter of advice from Guangdong Securities on the Proposed Spin-off as well as a notice of a special general meeting to be convened by the Company to approve the Proposed Spin-off will be despatched to the Shareholders in due course. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

## **GENERAL**

The Company is an investment holding company and its subsidiaries are principally engaged in the EFT-POS Terminal Solutions Business, the businesses of provision of financial solutions, payment solutions, telecommunication solutions and operation value-added services, and electronic power meters and solutions.

In connection with the Share Offer, the price of PAX Shares may be stabilised in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the prospectus which is proposed to be issued in connection with the public offer of PAX Shares in Hong Kong.

**The listing of the PAX Shares pursuant to the Proposed Spin-off is subject to, among other things, the Proposed Spin-off being approved by the Shareholders, the Listing Approval and the final decisions of the Board and of the board of**

**directors of PAX. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the PAX Shares will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.**

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off if and when appropriate.

## **DEFINITIONS**

“Board”	the board of Directors of the Company
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“EFT-POS Terminal Solutions Business”	the business of the development and sale of electronic fund transfer point of sale products and provision of related services
“Group”	the Company and its subsidiaries (including PAX Group)
“Guangdong Securities”	Guangdong Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the independent board committee to be established and the Shareholders in connection with the Proposed Spin-off
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Approval”	the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the PAX Shares on the Main Board of the Stock Exchange

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Over-allotment Option”	the option to be granted by PAX to the underwriters under the international placing comprised in the Share Offer, pursuant to which PAX may be required to allot and issue additional PAX Shares (representing up to an aggregate of 15% of the PAX Shares to be initially offered by PAX under the Share Offer) at the Offer Price to cover over-allocations in such placing
“PAX”	PAX Global Technology Limited, a company incorporated in Bermuda on 15 February 2010 with limited liability
“PAX Group”	PAX and those companies in the Group that will be its subsidiaries at the time of the Share Offer
“PAX Share Option Scheme”	the share option scheme proposed to be adopted by PAX which will take effect subject to, among others things, the commencement of dealings in the PAX Shares on the Main Board of the Stock Exchange
“PAX Shares”	ordinary shares of HK\$0.10 each in the share capital of PAX
“PN 15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Spin-off”	the proposed disposal of the Company’s interest in PAX by way of a separate listing of PAX Shares on the Main Board of the Stock Exchange
“Shareholders”	the shareholders of the Company
“Share Offer”	a proposed offer of PAX Shares through an offer of PAX Shares to the public in Hong Kong and to professional, institutional investors and other investors through a placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*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 Chang Jun; two non-executive Directors, namely Mr. Yang Lei, Raymond and Mr. Chang Kai-Tzung, Richard and three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger.*

*\* For identification only*

By Order of the Board of  
**Hi Sun Technology (China) Limited**  
**Li Wenjin**  
*Executive Director*

Hong Kong, 17 September 2010