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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF MERCHANT SUPPORT

The Board is pleased to announce that pursuant to the Sale and Purchase Agreement, the Company has agreed to purchase, and the Vendor has agreed to sell, the Sale Shares and the Sale Claims.

The Acquisition as contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date:

11 January 2011

Parties:

Purchaser : The Company

Vendor : Goldman Sachs Realty Japan Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are Independent Third Parties, and the Vendor is an asset management company with its headquarters in Tokyo, Japan.

Assets to be acquired

The Vendor agreed to sell, and the Company agreed to purchase, the Sale Shares and the Sale Claims.

The Sale Shares represent the entire issued share capital of Merchant Support. The Sale Claims comprise (i) the Loan Claims (which represent the Vendor's loan claims against Merchant Support and Merchant Capital under certain loan agreements between the Vendor and Merchant Support or between the Vendor and Merchant Capital which remain outstanding as at three Business Days before the Completion Date); and (ii) AM Claims (which represent the Vendor's right to demand payment of remuneration incurred until the Completion Date (inclusive) under the cost reimbursement agreement between the Vendor and Merchant Support). As at 31 July 2010, the Loan Claims and the AM Claims amounted to JPY1,110,508,314 (equivalent to approximately HK\$104.4 million) and JPY116,942,449 (equivalent to approximately HK\$11.0 million) respectively. As at 31 July 2010, the unaudited combined net asset value of Merchant Support and Merchant Capital is approximately JPY30,920,078 (equivalent to approximately HK\$2.9 million).

Consideration

The Aggregate Consideration is JPY1,258,370,841 (equivalent to approximately HK\$118.3 million) (subject to adjustment as detailed below) (comprising the Sale Shares Consideration and Sale Claims Consideration of JPY30,920,078 (equivalent to approximately HK\$2.9 million) and JPY1,227,450,763 (equivalent to approximately HK\$115.4 million) respectively), which shall be paid by the Company in the following manner:

- (a) JPY250,000,000 (equivalent to approximately HK\$23.5 million) in cash as deposit payment, which amount shall be paid by the Company within five Business Days upon signing of the Sale and Purchase Agreement; and
- (b) the balance of JPY1,008,370,841 (equivalent to approximately HK\$94.8 million) in cash upon Completion.

The Aggregate Consideration will be satisfied by the internal resources of the Group.

The Aggregate Consideration was arrived at after arm's length negotiations between the Vendor and the Company, taking into account the business prospects of the Business, the net assets value of Merchant Support after completion of the Company Split, the face value of the Sale Claims and the consideration adjustment mechanism as described in the paragraph headed "Consideration Adjustment" below.

Consideration Adjustment

Pursuant to the Sale and Purchase Agreement, the Sale Shares Consideration shall be subject to adjustment in the following manner:

- (a) If the net assets of Merchant Support (after the completion of the Company Split) as at the Consideration Adjustment Determination Date (“**Net Assets Value**”) exceeds the original Sale Shares Consideration, the original Sale Shares Consideration will be adjusted upward by adding the excess amount (but in any event such excess amount is up to 5% of the original Sale Shares Consideration).
- (b) Subject to (c) below, if the Net Assets Value falls below the original Sale Shares Consideration, the original Sale Shares Consideration will be adjusted downwards by deducting the deficit amount.
- (c) If the Net Assets Value is zero or a negative figure, the Sale Shares Consideration will be JPY1 (equivalent to approximately HK\$0.09) regardless of the Net Assets Value provided that if the Net Assets Value is threatened to become a deficit of more than JPY5,000,000 (equivalent to approximately HK\$470,000), the Vendor will make up the deficit so that the Net Assets Value will not be a deficit of more than JPY5,000,000 (equivalent to HK\$470,000) on or before the Completion Date.

Pursuant to the Sale and Purchase Agreement, the final Sale Claims Consideration will be adjusted based on:

- (a) the principal amount of the Loan Claims as at the three Business Days prior to the Completion Date (subject to a cap of JPY2.5 billion (equivalent to approximately HK\$235 million)); and
- (b) the amount of the Sale Claims (excluding the principal amount of the Loan Claims) as at the Completion Date (subject to a maximum increment of up to 5% of such amount as at 31 July 2010).

Conditions precedent

Completion of the sale and purchase of the Sale Shares and the Sale Loans is conditional upon, among others:

- (a) each of the Company’s representations and warranties are true and correct in all material respects on the date of the Sale and Purchase Agreement and the Completion Date;
- (b) the Company has performed and complied with its duties under the Sale and Purchase Agreement during the period from the date of the Sale and Purchase Agreement up to the Completion Date;
- (c) the Company Split has been completed;
- (d) it is reasonably certain that the existing lease agreement for the office space of Merchant Support will be cancelled;

- (e) it is reasonably certain that Merchant Support may smoothly start the Business at the new office procured by the Company on the first Business Day immediately following the Completion Date, in a manner substantially the same as before the Acquisition;
- (f) the Vendor and the Company reasonably believe that the main business partners of Merchant Support has no objections to the Acquisition;
- (g) delivery of a certified copy of Merchant Support's commercial registration (or certificate of all historical records) to the Company;
- (h) delivery of a certificate of a seal impression of the Vendor's representative director to the Company;
- (i) delivery of a certified copy of letter of determination issued by the Vendor's representative director approving the sale of the Sale Shares and the Sale Claims to the Company and the execution and performance of the Sale and Purchase Agreement to the Company;
- (j) delivery of a certified copy of resolutions adopted by Merchant Support's board of directors approving the transfer of the Sale Shares to the Company;
- (k) each of the Vendor's representations and warranties are true and correct in all material respects on the date of the Sale and Purchase Agreement and the Completion Date;
- (l) the Vendor has performed and complied with its duties under the Sale and Purchase Agreement during the period from the date of the Sale and Purchase Agreement up to the Completion Date;
- (m) the board of directors of Merchant Support has approved the transfer of the Sale Shares;
- (n) the Company Split has been duly completed and all the Businesses (including all relevant assets in connection with the Businesses) conducted by Merchant Capital have been duly transferred to Merchant Support; and
- (o) the contracts between Merchant Support and the main business partners of Merchant Support remain valid and enforceable as at the date of the Sale and Purchase Agreement and Merchant Support has not received any notice of termination from any of the parties thereto before the date of the Sale and Purchase Agreement.

Completion

Subject to fulfillment or waiver of the above conditions, Completion shall take place on a date on or before 15 July 2011 to be agreed by the Company and the Vendor, failing which Completion shall take place on 15 July 2011.

PRE-COMPLETION REORGANISATION

It is one of the conditions precedent to Completion that the Company Split shall have been completed. The Company Split means an absorption-type split permitted under the laws of Japan for the purpose of splitting all of the Business including all relevant assets, employees and contracts in connection with the Business by making Merchant Support as the successor company in an absorption-type split and by making Merchant Capital as the split-off company.

INFORMATION OF MERCHANT SUPPORT

Merchant Support is a company incorporated in Japan, which carries on the Business in Japan.

The unaudited combined financial information of Merchant Support and Merchant Capital for the two years ended 30 November 2010 are as follows:

| | For the year ended 30 November 2009 <i>(unaudited)</i> | For the year ended 30 November 2010 <i>(unaudited)</i> |
|--|---|---|
| Net loss (before taxation and extraordinary items) | JPY124.3 million (equivalent to approximately HK\$11.7 million) | JPY44.0 million (equivalent to approximately HK\$4.1 million) |
| Net loss (after taxation and extraordinary items) | JPY124.6 million (equivalent to approximately HK\$11.7 million) | JPY44.2 million (equivalent to approximately HK\$4.2 million) |

The unaudited combined total asset value and net asset value of Merchant Support and Merchant Capital as at 30 November 2010 is approximately JPY2,037 million (equivalent to approximately HK\$191.5 million) and JPY21 million (equivalent to approximately HK\$2.0 million) respectively.

Upon Completion, Merchant Support will become a wholly-owned subsidiary of the Company and with its accounts to be consolidated with that of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

As disclosed in the annual report 2009 of the Company, payment solutions and services is one of the important operating segments of the Group. The Group provides payment solutions and services in the PRC, currently comprising its nation-wide mobile payment platform and payment solutions to China Mobile. The Acquisition, if completed, represents a good opportunity for the Group to gain access and establish relationships with players in the payment services industry, in particular, the credit card companies, banks and other financial institutions. The Directors therefore regards the Acquisition to be a strategic move with the view potentially to enable the Group to expand the geographical reach of its products and solutions.

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

The transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

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| “Acquisition” | the acquisition of the Sale Shares and the Sale Claims |
| “Aggregate Consideration” | the aggregate consideration of the Sale Shares Consideration and the Sale Claims Consideration |
| “AM Claims” | the right to demand payment of remuneration incurred until the Completion Date (inclusive) under the cost reimbursement agreement dated 19 December 2008 entered into between the Vendor and Merchant Support |
| “Board” | the board of Directors |
| “Business” | collectively the early settlement service for credit card transactions and the member store recruiting agency service that are conducted by Merchant Support and/or Merchant Capital |

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| “Business Day” | a day (other than a Saturday or Sunday or national holidays in Japan) on which banks are open for business in Japan |
| “Company” | Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange |
| “Company Split” | the absorption-type company split permitted under the laws of Japan for the purpose of splitting the Business by making Merchant Support as the successor company in an absorption-type split and by making Merchant Capital as the split-off company |
| “Completion” | completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement |
| “Completion Date” | the date on which Completion will take place |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Consideration Adjustment Determination Date” | the last day of the month before the month on which the Completion Date falls |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Part(ies)” | any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons |
| “JPY” | Japanese Yen, the lawful currency of Japan |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Loan Claims” | the Vendor’s loan claims against Merchant Support and Merchant Capital under certain loan agreements between the Vendor and Merchant Support or between the Vendor and Merchant Capital, which remain outstanding as at three business days before the Completion Date |
| “Merchant Capital” | Merchant Capital Limited, a company incorporated in Japan and a direct wholly-owned subsidiary of the Vendor |
| “Merchant Support” | Merchant Support Co., Ltd., a company incorporated in Japan and a direct wholly-owned subsidiary of the Vendor |
| “PRC” | the People’s Republic of China |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 11 January 2011 entered into between the Company and the Vendor in relation to the Acquisition |
| “Sale Claims” | collectively the Loan Claims and the AM Claims |
| “Sale Claims Consideration” | the consideration for the acquisition of the Sale Claims under the Sale and Purchase Agreement |
| “Sale Shares” | the entire issued share capital (being 100 shares) of Merchant Support |
| “Sale Shares Consideration” | the consideration for the acquisition of the Sale Shares under the Sale and Purchase Agreement |
| “Share(s)” | ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Goldman Sachs Realty Japan Limited, an Independent Third Party |
| “%” | per cent. |

Unless the context requires otherwise, translation of JPY into HK\$ are made in this announcement, for illustration purpose only, at the rate of JPY1.00 = HK\$0.094. No representation is made that any amount in JPY has been or could be converted at the above rates, or at any other rates or at all.

By order of the Board
Li Wenjin
Executive Director

Hong Kong, 11 January 2011

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 purpose only*