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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 AND CONNECTED TRANSACTION INVOLVING ACQUISITION OF MINORITY INTERESTS IN A NON WHOLLY-OWNED SUBSIDIARY

THE ACQUISITION

The Board is pleased to announce that on 13 January 2012, the Company entered into the 18% SPA with Rich Giant and the 2% SPA with Billion Rosy separately pursuant to which Rich Giant has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the 18% Sale Shares, representing 18% of the issued share capital of the Target, and Billion Rosy has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the 2% Sale Shares, representing 2% of the issued share capital of the Target. Upon Completion, the Company's shareholding interest in the Target will increase from 80% to 100% and accordingly, the Target will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As completion of the 18% Acquisition and the 2% Acquisition are inter-conditional upon each other, the Acquisition is considered on an aggregate basis for the purpose of classification of the transactions pursuant to Rule 14.23 of the Listing Rules. As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

* For identification purpose only

As Rich Giant currently owns 18% of the issued share capital of the Target which is a non wholly-owned subsidiary of the Company, Rich Giant is therefore a connected person of the Company and the Acquisition is a connected transaction for the Company under Chapter 14A of the Listing Rules. As completion of the 18% Acquisition and the 2% Acquisition are inter-conditional upon each other, the Acquisition is considered on an aggregate basis for the purpose of classification of the transactions pursuant to Rule 14A.16 of the Listing Rules. As the relevant percentage ratio(s) under the Listing Rules exceeds 5% and the total consideration is not less than HK\$10 million, the Acquisition is therefore subject to the approval of Independent Shareholders' at the SGM to be voted by way of poll.

GENERAL

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the SPAs and the transactions contemplated under the SPAs including the Acquisition. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the SPAs and the transactions contemplated under the SPAs including the Acquisition.

A circular of the Company containing, among others, (i) details of the SPAs and the transactions contemplated under the SPAs including the Acquisition; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the SGM; and (v) other information required under the Listing Rules will be despatched to the Shareholders within 15 business days after the publication of this announcement.

THE SPAs

Date:

Both SPAs were dated 13 January 2012.

Parties to the 18% SPA:

Purchaser : The Company

Vendor : Rich Giant Investments Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Rich Giant is principally engaged in the business of investment holding.

As Rich Giant currently owns 18% of the issued share capital of the Target which is a non wholly-owned subsidiary of the Company, Rich Giant is therefore a connected person of the Company under the Listing Rules.

Parties to the 2% SPA:

Purchaser : The Company

Vendor : Billion Rosy Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Billion Rosy is principally engaged in the business of investment holding and save that it holds 2% Sale Shares and its ultimate beneficial owner and its associate hold 30,623,000 Shares as at the date of this announcement, representing approximately 1.15% of issued Shares of the Company as at the date of this announcement, Billion Rosy and its ultimate beneficial owner are otherwise independent third parties of the Company and its connected persons.

Assets to be acquired

Each of the Vendors under the two SPAs agreed to sell, and the Company agreed to purchase, in aggregate, the Sale Shares, representing 20% issued capital of the Target.

Consideration

The Aggregate Consideration of the Acquisition is HK\$96,000,000, which, comprising the 18% Consideration, i.e., HK\$86,400,000 under the 18% SPA and the 2% Consideration, i.e., HK\$9,600,000 under the 2% SPA. The 18% Consideration and the 2% Consideration shall be paid by the Company to the respective Vendors in cash on Completion.

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

Each of the 18% Consideration and the 2% Consideration was arrived at after arm's length negotiations between the respective Vendors and the Company with reference to the unaudited consolidated net asset value of the Target Group as at 30 June 2011 of approximately HK\$331.9 million, and the business prospect of the Target Group.

Conditions precedent

Completion of the sale and purchase of the Sale Shares comprising the 18% Sale Shares and the 2% Sale Shares are conditional upon, among others:

- (a) the sale and purchase of the Sale Shares and other transactions contemplated under both SPAs having been approved by the Independent Shareholders at the SGM to be convened on or before the Long Stop Date; and
- (b) there is no breach of any representations, warranties or undertakings of the respective Vendors set out in the relevant SPAs.

The condition set out in (a) above was not capable of being waived by the relevant parties to the relevant SPAs. The condition set out in (b) above may be waived by the Company by written notice to the relevant Vendor(s) under the relevant SPA(s).

Completion

Completion of the Acquisition shall take place on the third Business Day or such other date as agreed by the Company and the relevant Vendors after the fulfillment or waiver of the above conditions precedent.

Inter-conditional nature of the SPAs

It is also a condition under each of the SPAs that completion of the sale and purchase of the 18% Sale Shares and that of the 2% Sale Shares under the respective SPAs are inter-conditional upon each other so that completion of the sale and purchase of the 18% Sale Shares and that of the 2% Sale Shares shall take place simultaneously and the Company shall not be obliged to purchase any of the 18% Sale Shares or, as the case may be, the 2% Sale Shares unless the completion of sale and purchase of the 2% Sale Shares or, as the case may be, the 18% Sale Shares, also takes place simultaneously.

INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in the BVI and is an investment holding company holding a group of company principally engaged in (i) the manufacturing and sales of electric power meters, data collection terminals and provision of information system consultancy services; and (ii) the research and development of low voltage power line carrier wave communication technology ("PLC").

According to the audited consolidated financial information of the Target Group for the two years ended 31 December 2009 and 2010, the profit/(loss) before income tax and the profit/(loss) after income tax of the Target Group for the two years ended 31 December 2009 and 2010 are as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010
Profit/(loss) before income tax	approximately HK\$6.6 million	approximately HK\$(135.1 million)
Profit/(loss) after income tax	approximately HK\$0.6 million	approximately HK\$(126.2 million)

As at 30 June 2011, the unaudited net asset value and total asset value of the Target Group was approximately HK\$331.9 million and HK\$682.2 million respectively.

Original acquisition costs of the 18% Sale Shares and the 2% Sale Shares

In January 2010, the Target, which was then a wholly-owned subsidiary of the Company, and Rich Giant, which was then an independent third party, entered into a sale and purchase agreement pursuant to which Rich Giant as vendor had agreed to sell and the Target as purchaser had agreed to purchase the entire issued share capital of Mega Hunt Investments Limited, now being a member of the Target Group, for a consideration of the allotment and issue of 25 new shares of the Target, representing 20% of the then enlarged issued share capital of the Target, to Rich Giant. The acquisition was completed in March 2010. The carrying amount of Mega Hunt Investments Limited on the book of the Company as at completion date was HK\$100 million. In August 2011, Rich Giant has sold 2% of the issued share capital of the Target to Billion Rosy.

The original acquisition costs of the 2% Sale Shares for Billion Rosy is HK\$10,000,000.

Upon Completion, the Company's shareholding in the Target will increase from 80% to 100% and accordingly, the Target will become a wholly-owned subsidiary of the Company. The financial results and position of the Target Group will continue to be consolidated into the Group's financial statements after Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in four key business segments, namely, provision of telecommunication solutions and operation value-added services, provision of financial solutions, services and related products, provision of payment solutions and services and sales of electronic power meters and solutions.

As the Directors are optimistic about the prospects of the Target Group as the research and development of PLC has come to an advanced stage and as a result of the Acquisition, the Company will be able to obtain 100% control over the Target Group, which the Directors

consider to be beneficial to the future development and management of the Target Group, the Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) consider that the Acquisition is in the interest of the Company, the terms of the SPAs are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As completion of the 18% Acquisition and the 2% Acquisition are inter-conditional upon each other, the Acquisition is considered on an aggregate basis for the purpose of classification of the transactions pursuant to Rule 14.23 of the Listing Rules. As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As Rich Giant currently owns 18% of the issued share capital of the Target which is a non wholly-owned subsidiary of the Company, Rich Giant is therefore a connected person of the Company and the Acquisition is a connected transaction for the Company under Chapter 14A of the Listing Rules. As completion of the 18% Acquisition and the 2% Acquisition are inter-conditional upon each other, the Acquisition is considered on an aggregate basis for the purpose of classification of the transactions pursuant to Rule 14A.16 of the Listing Rules. As the relevant percentage ratio(s) under the Listing Rules exceeds 5% and the total consideration is not less than HK\$10 million, the Acquisition is therefore subject to the approval of Independent Shareholders' at the SGM to be voted by way of poll.

GENERAL

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the SPAs and the transactions contemplated under the SPAs including the Acquisition. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the SPAs and the transactions contemplated under the SPAs including the Acquisition. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the ultimate beneficial owner of Billion Rosy and its associate hold 30,623,000 Shares representing approximately 1.15% of issued Shares of the Company as at the date of this announcement, and shall abstain from voting on the relevant resolution to be put forward to vote at the SGM in relation to the SPAs and the transactions contemplated thereunder. In the event that the Vendors or any associates of any of them hold any Shares at the date of the SGM, the Vendors and the associates of any of them will abstain from voting on the relevant resolution to be put forward to vote at the SGM in relation to the SPAs and the transactions contemplated thereunder including the Acquisition.

A circular of the Company containing, among others, (i) details of the SPAs and the transactions contemplated under the SPAs including the Acquisition; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the SGM; and (v) other information required under the Listing Rules will be despatched to the Shareholders within 15 business days after the publication of this announcement.

DEFINITIONS

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

“Acquisition”	the 18% Acquisition and the 2% Acquisition
“associates”	has the meaning ascribed thereto under the Listing Rules
“Aggregate Consideration”	HK\$96,000,000, being the aggregate of the 18% Consideration and the 2% Consideration
“Billion Rosy”	Billion Rosy Limited, a company incorporated in the BVI with limited liability and the vendor of the 2% Sale Shares
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms of the SPAs
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation 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, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Xu Sitao, all being independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) other than the Vendors and the associates of each of them and those who have a material interest in the Acquisition
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 31 March 2012 or such other date as the Company and the relevant Vendors shall agree in writing
“PRC”	the People’s Republic of China
“Rich Giant”	Rich Giant Investments Limited, a company incorporated in the BVI with limited liability and the vendor of the 18% Sale Shares
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Acquisition
“SPAs”	the 18% SPA and the 2% SPA collectively
“Sale Shares”	50 shares of the Target, representing 20% issued share capital of the Target which comprises the 18% Sale Shares and the 2% Sale Shares
“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
“Target”	New Concept Services Limited, a company incorporated in the BVI with limited liability

“Target Group”	the Target and its subsidiaries
“Vendors”	collectively, Rich Giant and Billion Rosy
“%”	per cent.
“18% Acquisition”	the acquisition by the Company of the 18% Sale Shares pursuant to the terms of 18% SPA
“18% Consideration”	HK\$86,400,000, being the consideration for the 18% Acquisition
“18% Sale Shares”	45 shares of the Target, representing 18% of the issued share capital of the Target
“18% SPA”	the sale and purchase agreement dated 13 January 2012 in relation to the sale and purchase of the 18% Sale Shares entered into between the Company and Rich Giant
“2% Acquisition”	the acquisition by the Company of the 2% Sale Shares pursuant to the terms of 2% SPA
“2% Consideration”	HK\$9,600,000, being the consideration for the 2% Acquisition
“2% Sale Shares”	5 shares of the Target, representing 2% of the issued share capital of the Target
“2% SPA”	the sale and purchase agreement dated 13 January 2012 in relation to the sale and purchase of the 2% Sale Shares entered into between the Company and Billion Rosy

By order of the Board
Li Wenjin
Executive Director

Hong Kong, 13 January 2012

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; one non-executive director, namely 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.