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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

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After trading hours on 9 May 2016, the Company entered into the Framework Agreement with Ronglian Yitong, pursuant to which the Group agrees to engage RY Group to provide the Services for a term commencing from the date of the Framework Agreement to 31 December 2018, subject to the terms and conditions therein.

#### **LISTING RULES IMPLICATION ON THE FRAMEWORK AGREEMENT**

Mr. Zhang, who is a director of two of the subsidiaries of the Company and a connected person of the Company under Chapter 14A of the Listing Rules, is one of the registered shareholders of Ronglian Yitong holding 45.8% shareholding in Ronglian Yitong. Therefore, Ronglian Yitong, being an associate of Mr. Zhang, is a connected person of the Company under the Listing Rules. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company.

Since Ronglian Yitong is a connected person of the Company at the subsidiary level and the Continuing Connected Transactions between the Group and RY Group are on normal commercial terms or better, the Continuing Connected Transactions are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules and will only be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

\* *for identification purpose only*

## **(I) FRAMEWORK AGREEMENT**

Date:	9 May 2016
Parties:	The Company and Ronglian Yitong
Term:	A term commencing from the date of the Framework Agreement to 31 December 2018
Subject matter:	Pursuant to the Framework Agreement, Rongliang Yitong agrees to provide or procure the provision of, on a non-exclusive basis, technical and support services in relation to platform operation and such other technical support services that may be agreed by the Group and RY Group and/or their respective members in writing from time to time) to the Group.
Operational Agreement(s):	Pursuant to the Framework Agreement, RY Group and the Group may, from time to time during the term of the Framework Agreement, enter into separate Operational Agreement(s) (which may be in the form of purchase order(s)) in respect of the Services covered by the Framework Agreement provided that such separate Operational Agreement(s) shall always be subject to the terms of the Framework Agreement.
Pricing basis:	The price(s) under the Operational Agreement(s) for specific transaction(s) covered by the Framework Agreement shall be 90% of the transaction value that will be received by the Group from the principal platform operator, which is determined in the ordinary course of business on normal commercial terms and negotiated on an arm's length basis.

## **(II) PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS**

### **(A) Historical transaction amount**

The Group did not have any previous transactions in relation to the Services with RY Group.

**(B) Proposed Annual Caps**

The proposed Annual Cap in respect of the Continuing Connected Transactions contemplated under the Framework Agreement for the three years ending 31 December 2018 are set out below:

For the year ending 31 December 2016	RMB60,000,000
For the year ending 31 December 2017	RMB66,000,000
For the year ending 31 December 2018	RMB69,000,000

**(C) Basis of the proposed Annual Caps**

The proposed Annual Caps for the Continuing Connected Transactions under the Framework Agreement are determined by reference to the expected transaction value of the Group with the principal platform operator for the three years ending 31 December 2018 which is estimated based on the historical transaction value of the Group with the principal platform operator in the past years and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group. The Group expects to engage RY Group to provide the Services for some of its business with the principal platform operator. The Annual Caps for the three years ending 31 December 2018 represent approximately 31% to 36% of the revenue of the Group derived from the principal platform operator for the year ended 31 December 2015. For the two years ended 31 December 2014 and 2015, the revenue of the Group derived from the principal platform operator amounted to approximately HK\$290.6 million and HK\$253.2 million respectively.

The Directors (including the independent non-executive Directors) are of the view that the Annual Caps set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**(III) INTERNAL CONTROL MEASURES**

For the sake of ensuring the terms of the Continuing Connected Transactions are on normal commercial terms and the Annual Caps are not exceeded, the Group will:

- (i) supervise the Continuing Connected Transactions in accordance with the Company's internal control procedures on continuing connected transactions;
- (ii) instruct its finance department to follow and collect the data of the Continuing Connected Transactions to ensure that the Annual Caps are not exceeded;

- (iii) engage the auditors to review the data of the Continuing Connected Transactions in compliance with the annual reporting and review requirements under the Listing Rules and provide confirmation in the Company's annual report on whether such transactions are entered into in the ordinary course of business on normal commercial terms or better and are carried out pursuant to the terms thereof, and whether the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iv) instruct its audit committee to review the implementation of the Continuing Connected Transactions once a year.

By implementing the above measures, the Directors consider that the Company has established sufficient internal control measures to ensure the Continuing Connected Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

#### **(IV) INFORMATION REGARDING THE GROUP AND RY GROUP**

##### **The Group**

The Company is an investment holding company and its subsidiaries are principally engaged in provision of payment processing solutions, provision of financial solutions, sales of electronic power meters and solutions, provision of telecommunication solutions and provision of payment platform solutions.

##### **Ronglian Yitong**

Ronglian Yitong is a company incorporated in the PRC with limited liability. The principal business of Ronglian Yitong includes provision of telecommunication solutions.

#### **(V) REASONS FOR, AND BENEFITS OF, THE CONTINUING CONNECTED TRANSACTIONS**

Historically, the Group directly provided the technical and support services in relation to platform operation to the principal platform operator under its business segment of telecommunication solutions and payment platform solutions. In view of operational advantages and with a view to operating this business segment in a more cost effective way, the Group has decided to engage RY Group to provide the Services for some of its business with the principal platform operator. RY Group is under the management of certain ex-employees of the Group, whom the Group believes that they have the relevant expertise and experience in delivering the Services. The entering of into the Framework Agreement will maintain the profitability of the business segment of telecommunication solutions and payment platform solutions, as well as optimise the Group's usage of resources.

The transactions contemplated under the Framework Agreement are and will be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The entering into of the Framework Agreement will provide a single basis on which the Company will comply with the reporting and announcement requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company to comply with such requirements in relation to the execution of each Operational Agreement in respect of the Continuing Connected Transactions.

The Directors (including the independent non-executive Directors) confirmed that the terms of the Framework Agreement are fair and reasonable and the Continuing Connected Transactions are (i) on normal commercial terms or better; (ii) in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and the Shareholders as a whole.

## **(VI) LISTING RULES IMPLICATION ON THE FRAMEWORK AGREEMENT**

Mr. Zhang, who is a director of two of the subsidiaries of the Company and a connected person of the Company under Chapter 14A of the Listing Rules, is one of the registered shareholders of Ronglian Yitong holding 45.8% shareholding in Ronglian Yitong. Therefore, Ronglian Yitong, being an associate of Mr. Zhang, is a connected person of the Company under the Listing Rules. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company.

Since Ronglian Yitong is a connected person of the Company at the subsidiary level and the Continuing Connected Transactions between the Group and RY Group are on normal commercial terms or better, the Continuing Connected Transactions are exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules and will only be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Company will comply with the continuing obligations under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules at the relevant time and will re-comply with the applicable Listing Rules in the event that any of the Annual Caps is exceeded or when there is a material change to the terms of the Framework Agreement pursuant to Rule 14A.54 of the Listing Rules.

## **(VII) APPROVAL OF THE BOARD**

The Board has approved the Continuing Connected Transactions. None of the Directors had material interests in the Continuing Connected Transactions contemplated under the Framework Agreement. Therefore, no Director is required to abstain from voting on the resolutions of the Board approving the Continuing Connected Transactions contemplated under the Framework Agreement.

## (VIII) DEFINITIONS

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

“Annual Caps”	the estimated maximum aggregate annual transaction values in respect of the Continuing Connected Transactions contemplated under the Framework Agreement
“Board”	the board of Directors
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Framework Agreement
“Director(s)”	director(s) of the Company
“Framework Agreement”	the framework technical support service agreement dated 9 May 2016 entered into between the Company and Ronglian Yitong pursuant to which Ronglian Yitong agreed to provide and procure provision of (on a non-exclusive basis) the Services as set out thereto to the Group
“Group”	the Company and its subsidiaries (as defined in the Listing Rules) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Parties”	third parties independent of the Company and its connected persons and “Independent Third Party” shall be construed accordingly
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Hui who is a registered shareholder of Ronglian Yitong and also a director of Beijing Hi Sunray Information Technology Limited (北京高陽聖思園信息技術有限公司) and Beijing Hisun Mobile Pay IT Company (北京高陽通聯信息技術有限公司), which are subsidiaries of the Company

“Operational Agreements”	the individual agreements which may from time to time be entered into between the Group and RY Group subject and pursuant to the Framework Agreement and “Operational Agreement” means any of them
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Ronglian Yitong”	北京容聯易通信息技術有限公司 (Beijing Ronglian Yitong Information Technology Co. Ltd.), a company incorporated in the PRC, the registered shareholders of which are Mr. Zhang, Mr. Sun Changxun and 拉薩合業投資管理有限公司 (Lhasa Heye Investment Management Co., Ltd.). Ronglian Yitong is accounted for as a joint venture of the Group in the financial statements of the Group
“RY Group”	Ronglian Yitong and its subsidiaries (as defined in the Listing Rules) from time to time
“Services”	the services to be provided by RY Group to the Group contemplated under the Framework Agreement
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**HI SUN TECHNOLOGY (CHINA) LIMITED**  
**Li Wenjin**  
*Executive Director*

Hong Kong, 9 May 2016

*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; and three Independent Non-Executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Chang Kai-Tzung, Richard.*