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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)

CONNECTED TRANSACTION – DEEMED DISPOSAL OF 19.09% EQUITY INTEREST IN THE TARGET COMPANY

The Board announces that on 20 August 2021, the Subscribers, Beijing Hi Sun, the Management Shareholders and the Target Company, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which the Subscribers conditionally agreed to subscribe for an aggregate of RMB7,500,000 (equivalent to HK\$9,000,000) new registered capital of the Target Company (representing approximately 27.27% of the enlarged equity interest in the Target Company) by way of capital injection in an aggregate sum of RMB9,750,000 (equivalent to HK\$11,700,000) in cash. Upon Completion, the Group's equity interest in the Target Company will be decreased from 70% to approximately 50.91% of the equity interest in the Target Company as enlarged by the Subscription, as such, the Subscription constitutes a deemed disposal of 19.09% equity interest in the Target Company held by the Company under Chapter 14 of the Listing Rules. The Target Company will remain as an indirect non-wholly owned subsidiary of the Company upon Completion.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is owned as to 70% by Beijing Hi Sun (an indirect wholly-owned subsidiary of the Company), 23% by Mr. Liang and 7% by Mr. Zhao respectively. Since (i) each of the Investor A, Investor B and Investor C is an executive Director; (ii) Investor D is the group financial controller of the Company and a director of certain subsidiaries of the Company; and (iii) the general partner of Limited Partnership I is a director and substantial shareholder of the Target Company, each of the Investor A, Investor B, Investor C, Investor D and Limited Partnership I is a connected person of the Company and the Deemed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Disposal are less than 5%, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

INTRODUCTION

On 20 August 2021, the Subscribers, Beijing Hi Sun, the Management Shareholders and the Target Company, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement, the major terms of which are set out below.

THE SUBSCRIPTION AGREEMENT

Date : 20 August 2021

Parties

Subscribers : (i) the Investors;

(ii) Limited Partnership I, in which (a) the general partner is Mr. Liang, a director and a substantial shareholder of the Target Company; and (b) the limited partners are Mr. Kang and Mr. Zhou. As at the date of this announcement, Mr. Liang, as general partner, is holding approximately 81.82% of the partnership interest in Limited Partnership I and each of Mr. Kang and Mr. Zhou, as limited partner, is holding approximately 9.09% of the partnership interest in Limited Partnership I. Limited Partnership I is principally engaged in the business of investment and venture capital; and

(iii) Limited Partnership II, in which (a) the general partner is Mr. Yang; and (b) the limited partners are Mr. Liu and Mr. Zhai. As at the date of this announcement, Mr. Yang, as general partner, is holding 70% of the partnership interest in Limited Partnership II and each of Mr. Liu and Mr. Zhai, as limited partner, is holding 15% of the partnership interest in Limited Partnership II. Limited Partnership II is principally engaged in the business of investment and venture capital.

Target Company : 深圳高陽寰球科技有限公司 (Shenzhen Hi Sun FinTech Global Limited), a company incorporated in the PRC with limited liability which as at the date of this announcement, is owned as to 70% by Beijing Hi Sun (an indirect wholly-owned subsidiary of the Company), 23% by Mr. Liang and 7% by Mr. Zhao. The Target Company is principally engaged in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks in the overseas market.

- Beijing Hi Sun : 北京高陽金信信息技術有限公司 (Beijing Hi Sun Advanced Business Solutions Information Technology Limited), a company incorporated in the PRC with limited liability which as at the date of this announcement, is holding 70% of the equity interest in the Target Company and an indirect wholly-owned subsidiary of the Company. Beijing Hi Sun is principally engaged in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks in the PRC.
- Management Shareholders : collectively, Mr. Liang (holding 23% equity interest of the Target Company as at the date of this announcement) and Mr. Zhao (holding 7% equity interest of the Target Company as at the date of this announcement), both of whom are directors of the Target Company as at the date of this announcement.

Subject matter

Pursuant to the Subscription Agreement, the Subscribers conditionally agreed to subscribe for an aggregate of RMB7,500,000 (equivalent to HK\$9,000,000) new registered capital of the Target Company (representing approximately 27.27% of the enlarged equity interest in the Target Company) by way of capital injection in an aggregate sum of RMB9,750,000 (equivalent to approximately HK\$11,700,000) in cash.

Subscription Price and Payment Arrangement

The respective Subscription Price shall be paid into the designated account of the Target Company by the respective Subscribers in cash in the following manner:

- (i) 20% of the respective Subscription Price shall be paid within five working days upon the fulfillment (or otherwise being waived by the Target Company) of the conditions precedent as set out in the Subscription Agreement (“**First Subscription Payment**”);
- (ii) 30% of the respective Subscription Price shall be paid on or before 30 June 2022;
- (iii) 25% of the respective Subscription Price shall be paid on or before 30 June 2023; and
- (iv) the remainder of the respective Subscription Price shall be paid on or before 30 June 2024.

The Subscription Price of RMB1.30 for every RMB1 new registered capital of the Target Company was determined after arm’s length negotiations between the parties to the Subscription Agreement on normal commercial terms with reference to (i) the business needs and development plan of the Target Company; and (ii) the Valuation.

Completion

Completion shall take place on the day when the Subscribers make the First Subscription Payment in accordance with the terms and conditions of the Subscription Agreement. Upon Completion, the Group's equity interest in the Target Company will be diluted to approximately 50.91% of the equity interest in the Target Company as enlarged by the Subscription and the Target Company will remain as an indirect non-wholly owned subsidiary of the Company.

Conditions Precedent

Pursuant to the Subscription Agreement, the First Subscription Payment shall be subject to the fulfillment of all conditions precedent (except (v)) as set out below (or otherwise being waived by the Target Company and the Existing Shareholders):

- (i) there being no laws of the PRC or judgments, rulings or injunctions issued by any courts, arbitration institutions or governmental authorities in the PRC restricting, prohibiting or cancelling the Subscription nor is there any ongoing or potential litigation, arbitration, judgment, ruling or injunction in the PRC that has caused or will cause any material adverse effects to the Subscription;
- (ii) the relevant shareholders' resolutions and board resolutions of the Target Company approving (a) the Subscription (including the Existing Shareholders waiving their pre-emptive rights under the Subscription); and (b) the signing of all documents incidental to the Subscription having been obtained;
- (iii) the necessary third-party approval(s) on the Subscription (including the Board's approval on the Subscription), the signing of all documents incidental to the Subscription, and the execution of such documents having been obtained, and that the signing and execution of such documents will not result in the non-compliance of any applicable laws of the PRC by the Target Company;
- (iv) the signing of all transaction documents by all parties to the Subscription Agreement which are necessary for the completion of the Subscription, including the Subscription Agreement, the new articles of association of the Target Company and any other agreement(s), resolution(s) or document(s) (including but not limited to all relevant business registration documents in relation to the Subscription);
- (v) the business licence of foreign investment enterprise having been obtained, the registration of foreign exchange having been completed and the relevant foreign exchange capital account having been opened by the Target Company;
- (vi) the relevant employment contract(s), intellectual property rights, confidentiality agreement(s) and non-competition agreement(s) having been signed by the key personnel ("**Key Personnel**") of the Target Company as set out in the Subscription Agreement; and

(vii) the Key Personnel giving undertakings on, unless with the prior written consent by the Target Company, not to invest (directly or indirectly) in any company which engages in businesses that are of a nature similar or identical to or compete with those of the Target Company (excluding any trading in shares of any listed company for investment purpose, provided that such shareholding interests shall not exceed 1% of the relevant listed company's shares in issue) and that any investment made would not affect the listing of the Target Company.

Ranking of the new registered capital

The new registered capital, shall rank *pari passu* in all respects among the registered capital in issue on the date of Completion, including all dividends declared or payable or distribution made or proposed on or after Completion, unless otherwise agreed in the Subscription Agreement.

Lock-up arrangements

Pursuant to the Subscription Agreement, the Management Shareholders and the Subscribers shall not (directly or indirectly), without the prior written consent of Beijing Hi Sun or otherwise agreed under the Subscription Agreement, sell, gift, pledge, dispose of or otherwise create encumbrance over part of or all of his/her/its legal or beneficial interest in the equity interest of the Target Company prior to the listing of the Target Company.

Without prejudice to the foregoing, each of the Subscribers must have fully settled and paid the respective Subscription Price before he/she/it might (directly or indirectly) sell, gift, pledge, dispose of or otherwise create encumbrance over part of or all of his/her/its legal or beneficial interest in the equity interest of the Target Company.

Profit distribution of the Target Company

In accordance with the terms of the Subscription Agreement, the parties have agreed that the profit after tax of the Target Company (after deduction of any fees and expenses as well as pension contribution) shall be distributable to shareholders of the Target Company according to the ratio of their respective amount of registered capital held or agreed to be subscribed for in the Target Company. In the event that any Subscriber who has not fully settled and paid the Subscription Price, no profit shall be distributed and paid to such Subscriber.

EFFECTS OF THE DEEMED DISPOSAL

The table below illustrates (i) the amount of registered capital held in the Target Company as at the date of this announcement; (ii) the amount of registered capital held in the Target Company or agreed to be subscribed for pursuant to the Subscription Agreement; (iii) the total amount of Subscription Price to be paid by the Subscribers pursuant to the Subscription Agreement; and (iv) the percentage of the equity interest held in the Target Company upon Completion.

Shareholder/Subscriber	Amount of registered capital held as at the date of this announcement (RMB)	Amount of registered capital held or agreed to be subscribed for (RMB)	Total amount of Subscription Price to be paid pursuant to the Subscription Agreement (RMB)	Percentage of the equity interest held in the Target Company upon Completion (%)
Beijing Hi Sun	14,000,000	14,000,000	–	50.91
Mr. Liang	4,600,000	4,600,000	–	16.73
Mr. Zhao	1,400,000	1,400,000	–	5.09
Limited Partnership I	–	3,300,000	4,290,000	12.00
Limited Partnership II	–	2,000,000	2,600,000	7.27
Investor A	–	550,000	715,000	2.00
Investor B	–	550,000	715,000	2.00
Investor C	–	550,000	715,000	2.00
Investor D	–	350,000	455,000	1.27
Investor E	–	100,000	130,000	0.36
Investor F	–	100,000	130,000	0.36
Total	20,000,000	27,500,000	9,750,000	100.00

Note: Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION OF THE TARGET COMPANY, BEIJING HI SUN, THE MANAGEMENT SHAREHOLDERS AND THE SUBSCRIBERS

The Target Company is a company incorporated in the PRC with limited liability on 28 February 2020 in response to overseas financial IT service opportunities. The Target Company is principally engaged in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks in the overseas market. As at the date of the announcement, the Target Company has one wholly-owned subsidiary, namely Hi Sun FinTech Global Limited, which is principally engaged in product distribution in overseas market.

As at the date of this announcement, the Target Company is directly owned as to 70% by Beijing Hi Sun, an indirect wholly-owned subsidiary of the Company. Beijing Hi Sun is a company incorporated in the PRC with limited liability and is principally engaged in the provision of information system consultancy, integration and operation services and sales of information technology products to financial institutions and banks in the PRC.

The Management Shareholders are collectively, Mr. Liang and Mr. Zhao, both of whom are directors of the Target Company. Mr. Liang is also the general partner of Limited Partnership I.

The Subscribers are collectively, the Investors, Limited Partnership I and Limited Partnership II. Each of Investor A, Investor B and Investor C is an executive Director; Investor D is the group financial controller of the Company and a director of certain subsidiaries of the Company; Investor E is the in-house legal advisor of the Company and is responsible for overseeing the legal and compliance matters of the Group, including the Target Company; and Investor F is the finance manager of the Company and is responsible for preparing and overseeing the financial reporting and budgeting of the Group, including the Target Company.

Limited Partnership I is principally engaged in the business of investment and venture capital. The general partner of Limited Partnership I is Mr. Liang, who is a director and substantial shareholder of the Target Company. Whereas the limited partners of Limited Partnership I are Mr. Kang and Mr. Zhou. Mr. Kang is the general manager of the delivery centre of the Target Company and Mr. Zhou is the vice general manager of the delivery centre of the Target Company. As at the date of this announcement, Mr. Liang, as general partner, is holding approximately 81.82% of the partnership interest in Limited Partnership I and each of Mr. Kang and Mr. Zhou, as limited partner, is holding approximately 9.09% of the partnership interest in Limited Partnership I.

Limited Partnership II is principally engaged in the business of investment and venture capital. The general partner of Limited Partnership II is Mr. Yang, whereas the limited partners of Limited Partnership II are Mr. Liu and Mr. Zhai. Mr. Yang is the manager of the operation department of the Target Company; Mr. Liu is the general manager of the product development department of the Target Company; and Mr. Zhai is the general manager of the product solution department of the Target Company. As at the date of this announcement, Mr. Yang, as general partner, is holding 70% of the partnership interest in Limited Partnership II and each of Mr. Liu and Mr. Zhai, as limited partner, is holding 15% of the partnership interest in Limited Partnership II.

As disclosed above, since (i) each of the Investor A, Investor B and Investor C is an executive Director; (ii) Investor D is the group financial controller of the Company and a director of certain subsidiaries of the Company; and (iii) the general partner of Limited Partnership I is a director and substantial shareholder of the Target Company, each of the Investor A, Investor B, Investor C, Investor D and Limited Partnership I is a connected person of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Investor E, Investor F and Limited Partnership II and its ultimate beneficial owners is an Independent Third Party.

Set out below is a summary of certain consolidated financial information of the Target Group as extracted from the consolidated financial statements of the Group (prepared in accordance with generally accepted accounting principles of Hong Kong) for the period from 28 February 2020 (date of incorporation) to 31 December 2020:

	For the period from 28 February 2020 to 31 December 2020 HK\$ (unaudited)
Revenue	30,942,846
Profit/(Loss) before taxation	(6,065,188)
Profit/(Loss) after taxation	(6,065,188)

The unaudited consolidated total asset value and net asset value of the Target Group were HK\$34,993,926 and HK\$17,626,337 as at 31 December 2020 and HK\$22,015,546 and HK\$13,773,955 as at 30 June 2021 respectively.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in provision of payment processing solutions, provision of fintech solutions and services, sales of information security chips and solutions, provision of platform operation solutions, provision of financial solutions and sales of electronic power meters and solutions.

The Target Company is established by the Group in February 2020 in response to overseas financial IT service opportunities. The Target Company conducts researches on and develops related product solutions based on the needs and business characteristics of overseas markets, including the research and development of overseas mobile banking, overseas online banking and other systems.

The Subscription will provide additional funding to support the Target Group's long-term business expansion plan and growth strategies. The Directors consider that the Subscription will also provide an opportunity to raise further capital for the Target Company whilst broadening its shareholder base and capital base. Since the partners of Limited Partnership I and Limited Partnership II, and the Investors are key employees and senior management of the Company or the Target Company, the Directors consider that the Subscription will be beneficial to both the Target Company and the Group as a whole through aligning the interest of the Subscribers with that of the Group by allowing them to subscribe for equity interests in the Target Company to enhance their commitment to the furtherance of the development of the business of the Target Company.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group's equity interest in the Target Company will be decreased from 70% to approximately 50.91% of the equity interest in the Target Company as enlarged by the Subscription, as such, the Subscription constitutes a deemed disposal of 19.09% equity interest in the Target Company held by the Company under Chapter 14 of the Listing Rules. The Target Company will remain as an indirect non-wholly owned subsidiary of the Company upon Completion.

The gross proceeds from the Deemed Disposal will be RMB9,750,000, which is intended to be applied as general working capital of the Target Group for business expansion. The Deemed Disposal will be accounted for as equity transactions and is not expected to lead to any material gain or loss to the consolidated income statement of the Group.

VIEWS OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the Deemed Disposal and the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as each of the Investor A, Investor B and Investor C has a material interest in the Subscription Agreement, each of the Investor A, Investor B and Investor C had abstained from voting on the resolutions of the Board to approve the Deemed Disposal, the Subscription Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

Connected transaction

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is owned as to 70% by Beijing Hi Sun (an indirect wholly-owned subsidiary of the Company), 23% by Mr. Liang and 7% by Mr. Zhao. By virtue of the identity of each of the Investor A, Investor B, Investor C, Investor D and the general partner of Limited Partnership I as disclosed in this announcement, each of the Investor A, Investor B, Investor C, Investor D and Limited Partnership I is a connected person of the Company and the Deemed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Disposal are less than 5%, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Profit forecast under Rule 14.61 of the Listing Rules

Pursuant to the Valuation Report, the appraised value of the entire equity interest of the Target Group as at 31 May 2021 using the income approach was approximately RMB21.9 million (equivalent to approximately HK\$26.3 million) as assessed by the Valuer. Such Valuation constitutes a “profit forecast” under Rule 14.61 of the Listing Rules and is therefore subject to the following disclosure requirements as set out in Rules 14.60A and 14.62 of the Listing Rules.

The principal assumptions on which the Valuation has been based are as follows:

A. General assumptions

1. Transaction assumption: assuming that all assets to be appraised are in the course of transaction and the Valuer conducts the Valuation according to the terms of transaction of the assets to be appraised based on a simulated market.
2. Open market assumption: an assumption in relation to the assets which intend to enter an open market and how the assets will be affected under such market conditions. Open market refers to a market with fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal status and have opportunities and time to obtain sufficient market information. In an open market, parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction.
3. Continuous use assumption: an assumption of the continuous use of the assets and of the status of the assets under such market conditions. It is assumed that, firstly, the assets to be appraised are under use, and secondly, the assets under use will be used continuously. Under continuous use assumption, change of use of the assets and the best condition of use will not be taken into account, and the scope of use of the valuation results is limited.
4. Going concern assumption: a valuation assumption with the entire assets of the company as the valuation target. The Target Company, as the main business entity, is assumed to continue to operate in the external environment in accordance with its business goals on a going concern basis. It is assumed that the business operators of the Target Company are accountable for, and competent in, discharging their responsibilities. It is also assumed that the Target Company operates legally, and is able to obtain adequate profits so as to operate as a going concern.

B. Assumptions under the income approach

1. There would be no material change in the relevant existing laws, regulations, policies as well as the macro-economic conditions of the country. The political, economic and social environment of the region in which each party to the transaction is located will not have any material change. There would be no other material and adverse impact(s) resulting from unpredictable circumstances and force majeure.

2. In view of the actual condition of assets as at the Valuation Reference Date, it is assumed that the Target Company operates as a going concern.
3. The operators of the Target Company are responsible and the management of the Target Company is capable of performing their respective roles.
4. Unless otherwise stated, it is assumed that the Target Company fully complies with all applicable laws and regulations.
5. The accounting policies adopted by the Target Company in the future will be consistent with those which have been used in preparing the Valuation Report in material respects.
6. The Target Company's scope of business and pattern would remain the same on the basis of the existing model and level of management, and key management.
7. The technical personnel and senior management of the Target Company would remain relatively stable and there would be no significant loss of the core professional personnel.
8. There would be no material change in the interest rate, exchange rate, tax base and tax rate and policy-imposed levies.
9. There would be no material adverse impact on the Target Company imposed by other force majeure and unforeseeable circumstances.
10. Special assumptions under the income approach:
 - (1) The income tax rate in this Valuation is calculated by using the composite tax rate of the parent company of the Target Company and the subsidiary of the Target Company, assuming that the income tax rate of 20% remains unchanged in future years;
 - (2) The free cash flow of the Target Company is evenly generated during each forecast period;
 - (3) The calculation of various parameters in this Valuation has not taken inflation into account, and all prices are constant;
 - (4) The future development plan and operation data provided by the Target Company to the Valuer can be realized as scheduled in future operations;
 - (5) The principal business, product structure, revenue and cost composition, sales strategy and cost control of the valuation target in the future operating period will continue to maintain their status in recent years without any material change. Future profit and loss arising from changes in the size and composition of assets, principal business and product structure that may be caused by changes in the management, business strategy and business environment are not taken into account;
 - (6) In the future operating period, there would not be any significant change to the various expenses of the Target Company on the existing basis, and will continue to maintain its trend of changes in recent years;

- (7) This Valuation has not taken into account the impact of share-based payment incentive conditions on the income, profitability, business growth and results of operations during the forecast period. This Valuation assumes that the share-based payment incentive conditions will not have a significant impact on the income, profitability, business growth and results of operations during the forecast period;
- (8) The exchange rate used in this Valuation is from the Hong Kong Association of Banks, and the exchange rate of RMB to Hong Kong dollar is 0.8455 on the Valuation Reference Date.

CCTH CPA Limited, the reporting accountants of the Company (“**Reporting Accountants**”) confirms that they have been engaged to perform procedures on the arithmetical accuracy and compilation of the discounted future estimated cash flows of the Target Company on which the Valuation was based. A letter from the Reporting Accountants is included in Appendix I to this announcement in compliance with Rule 14.62(2) of the Listing Rules. The Board confirms that it has reviewed the profit forecast including the bases and assumptions upon which the Valuation was based and is satisfied that the discounted future estimated cash flows of the profit forecast underlying the Valuation as based on has been made after due and careful enquiry. A letter from the Board is included in Appendix II to this announcement in compliance with Rule 14.62(3) of the Listing Rules.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinion and advice included in this announcement are as follows:

Name	Qualification
CCTH CPA Limited	Certified Public Accountants
Shenzhen Zhong Zhou Asset Valuation Co., Ltd.	Qualified independent valuer in the PRC

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Reporting Accountants and the Valuer is an Independent Third Party.

As at the date of this announcement, neither the Reporting Accountants nor the Valuer has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Each of the Reporting Accountants and the Valuer has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report, letter and all reference to its name (including its qualification) in the form and context in which it appears.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Beijing Hi Sun”	北京高陽金信信息技術有限公司 (Beijing Hi Sun Advanced Business Solutions Information Technology Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Completion”	the completion of the Deemed Disposal
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 818)
“Deemed Disposal”	the deemed disposal of the 19.09% equity interest in the Target Company held by the Company by way of Subscription pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Existing Shareholders”	collectively, Beijing Hi Sun and the Management Shareholders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Investor A”	Mr. Xu Wensheng, an executive Director
“Investor B”	Mr. Li Wenjin, an executive Director
“Investor C”	Mr. Xu Changjun, an executive Director
“Investor D”	Ms. Hui Lok Yan
“Investor E”	Ms. Lau Ling Yun, Agnes
“Investor F”	Ms. Chui Kit Ha

“Investors”	collectively, Investor A, Investor B, Investor C, Investor D, Investor E and Investor F
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Limited Partnership I”	深圳寰球金石投資合夥企業(有限合夥)(unofficial English translation being Shenzhen Huan Qiu Jin Shi Investment Partnership (Limited Partnership)), a limited partnership incorporated in the PRC
“Limited Partnership II”	深圳寰球願景投資合夥企業(有限合夥)(unofficial English translation being Shenzhen Huan Qiu Yuan Jing Investment Partnership (Limited Partnership)), a limited partnership incorporated in the PRC
“Management Shareholders”	collectively, Mr. Liang and Mr. Zhao
“Mr. Liang”	Mr. Liang Jing Jing (梁晶晶), a PRC individual who is a director of the Target Company and the general partner of Limited Partnership I
“Mr. Liu”	Mr. Liu Ren Zhong (劉仁中), a PRC individual who is a limited partner of the Limited Partnership II
“Mr. Kang”	Mr. Kang Chuang Sheng (康創生), a PRC individual who is a limited partner of Limited Partnership I
“Mr. Yang”	Mr. Yang Li (楊立), a PRC individual who is a general partner of Limited Partnership II
“Mr. Zhai”	Mr. Zhai Kang Ming (翟康明), a PRC individual who is a limited partner of Limited Partnership II
“Mr. Zhao”	Mr. Zhao Ming (趙銘), a PRC individual who is a director of the Target Company
“Mr. Zhou”	Mr. Zhou Jin Hui (周錦輝), a PRC individual who is a limited partner of Limited Partnership I
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Subscribers”	collectively, the Investors, Limited Partnership I and Limited Partnership II, and each as a “Subscriber”

“Subscription”	the subscription of an aggregate of RMB7,500,000 new registered capital of the Target Company (representing approximately 27.27% of the enlarged equity interest in the Target Company) by the Subscribers pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 August 2021 entered into among the Subscribers, Beijing Hi Sun, the Management Shareholders and the Target Company in relation to the Subscription
“Subscription Price”	the respective subscription price for the subscription of the equity interest in the Target Company by the respective Subscribers pursuant to the Subscription Agreement
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳高陽寰球科技有限公司 (Shenzhen Hi Sun FinTech Global Limited), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiary as at the date of this announcement
“Valuation”	valuation of the entire equity interest of the Target Company as at 31 May 2021 as assessed by the Valuer
“Valuation Reference Date”	31 May 2021, being the reference date adopted by the Valuer in the Valuation
“Valuation Report”	the valuation report dated 20 August 2021 in relation to the appraised value of the entire equity interest in the Target Company as assessed by the Valuer
“Valuer”	深圳中洲資產評估有限公司 (unofficial English translation being Shenzhen Zhong Zhou Asset Valuation Co., Ltd.), a qualified independent valuer in the PRC
“%”	per cent.

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00 to HK\$1.20. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

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

Hong Kong, 20 August 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; and four independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger, Mr. Chang Kai-Tzung, Richard and Mr. Li Heguo.

APPENDIX I – REPORT FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from the Company’s Reporting Accountants for inclusion in this announcement.



The Board of Directors

Hi Sun Technology (China) Limited
Room 2515, 25/F, Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

ACCOUNTANTS’ REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE ENTIRE EQUITY INTEREST OF 深圳高陽寰球科技有限公司 AND ITS SUBSIDIARY

We have examined the calculations of the discounted future estimated cash flows on which the valuation (the “**Valuation**”) was prepared by 深圳中洲資產評估有限公司 dated 20 August 2021 in respect of the entire equity interest in 深圳高陽寰球科技有限公司 (the “**Target Company**”) and its subsidiary (collectively referred to as the “**Target Group**”) as at 31 May 2021. The Valuation is set out in the announcement of Hi Sun Technology (China) Limited (the “**Company**”) dated 20 August 2021 in connection with the proposed deemed disposal of 19.09% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the Assumptions. Our work does not constitute any valuation of the Target Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Group, comprising the Company and its subsidiaries, have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

CCTH CPA Limited
Certified Public Accountants
Hong Kong
20 August 2021

APPENDIX II – LETTER FROM THE BOARD

20 August 2021

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs

Reference is made to the announcement of the Company dated 20 August 2021 (“**Announcement**”), of which this letter forms part, and the Valuation Report dated 20 August 2021 issued by the Valuer in relation to the Valuation. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

We, being all the Directors, noted that the Valuation has been based on the discounted future estimated cash flows of the Target Company (“**Profit Forecast**”) which constitutes a profit forecast under Rule 14.61 of the Listing Rules. We have reviewed and considered the Profit Forecast including the bases and assumptions upon which the Valuation was based and reviewed and considered the Valuation for which the Valuer is responsible. We have also considered the report dated 20 August 2021 from the Reporting Accountants, and so far as the calculations are concerned, whether the Profit Forecast has been properly complied, in all material respects, in accordance with the bases and assumptions adopted by the Valuer as set out in the Valuation Report. We have noted that the Profit Forecast in the Valuation is mathematically accurate. In compliance with Rule 14.62(3) of the Listing Rules, the Board confirms that the Profit Forecast underlying the Valuation has been made after due and careful enquiry.

Yours faithfully
For and on behalf of the Board
Li Wenjin
Executive Director