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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)**

### **ISSUE OF NEW SHARES PURSUANT TO GENERAL MANDATE**

#### **SUBSCRIPTION AGREEMENTS**

The Board is pleased to announce that on 12 May 2009, the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for an aggregate of 400,000,000 new Shares (200,000,000 new Shares for each Subscriber), at the Subscription Price of HK\$0.75 per Share.

Pursuant to the Subscription Agreements, an aggregate of 400,000,000 new Shares will be issued and allotted, representing approximately 17.9% of the existing issued share capital of the Company of 2,231,972,835 Shares as at the date of this announcement and approximately 15.2% of the issued share capital of the Company as enlarged by the issue of the entire 400,000,000 Subscription Shares under the Subscription Agreements.

The Subscription Price of HK\$0.75 per Share represents (i) a discount of approximately 17.6% to the closing price of HK\$0.91 on the Last Trading Day; (ii) a discount of approximately 14.6% to the average closing price of approximately HK\$0.878 in the last 5 trading days prior to the Last Trading Day; (iii) a premium of approximately 8.4% over the average closing price of approximately HK\$0.692 in the last 30 trading days prior to the Last Trading Day; and (iv) a premium of approximately 32.3% over the audited net asset value (as at 31 December 2008) of approximately HK\$0.567 per Share.

The aggregate gross and net proceeds (after deducting the estimated expenses incurred in relation to the Subscription) to be raised from the Subscription are estimated to amount to HK\$300 million and approximately HK\$298 million, respectively. The aggregate net proceeds per Share from the Subscription are estimated to be approximately HK\$0.745 per Share.

The aggregate net proceeds from the Subscription of approximately HK\$298 million will be utilized as to approximately HK\$60 million for the development of 3G mobile value-added solutions and services, mainly 3G mobile gaming in the PRC; approximately HK\$60 million for the development of payment operation services in the electronic payment market in the United States of America; approximately HK\$30 million for the development of financial solution and electronic meter and automated solution outsourcing services; and the remaining balance as general working capital of the Group.

## **GENERAL**

The Subscription Shares will be issued pursuant to the General Mandate. The Subscription Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 12 May 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 13 May 2009.

## **THE SUBSCRIPTION AGREEMENTS**

### **Date**

12 May 2009

### **Parties**

- (i) The Company, as the issuer; and
- (ii) Ever Union Capital Limited and Benefit Concept Limited, as the Subscribers.

Ever Union Capital Limited, a company incorporated in the BVI on 19 April 2007, is an investment holding company whose principal activity is investments in companies principally engaged in the telecommunication, energy, commerce and finance industries. Ever Union Capital Limited is wholly-owned by Mr. Che Fung. Based on the Directors' knowledge, Mr. Che Fung has extensive experience in the finance, telecommunication, and commerce industries.

Benefit Concept Limited is an investment holding company incorporated in the BVI. Benefit Concept Limited is principally engaged in investing securities and funds. Benefit Concept Limited is wholly-owned by Mr. Lu Lin. As at the date of this announcement, Mr. Lu Lin is interested in 26,000,000 Shares, representing approximately 1.2% of the existing issued share capital of the Company as at the date of this announcement.

To the Directors' best knowledge, information and belief having made all reasonable enquiry, the Subscribers and their ultimate beneficial owners are parties independent of the Company and its connected persons (as defined under the Listing Rules).

Neither Ever Union Capital Limited nor Benefit Concept Limited is expected to become a substantial Shareholder immediately upon Completion.

## **The Subscription**

Pursuant to the Subscription Agreements, each of the Subscribers has conditionally agreed to subscribe for 200,000,000 Subscription Shares, at the Subscription Price.

## **Subscription Shares and Ranking of the Subscription Shares**

Pursuant to the Subscription Agreements, an aggregate of 400,000,000 new Shares will be issued and allotted, representing approximately 17.9% of the existing issued share capital of the Company of 2,231,972,835 Shares as at the date of this announcement and approximately 15.2% of the issued share capital of the Company as enlarged by the issue of the entire 400,000,000 Subscription Shares under the Subscription Agreements. The aggregate nominal value of the 400,000,000 Subscription Shares to be issued under the Subscription Agreements will be HK\$1,000,000.

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Subscription Price**

The Subscription Price of HK\$0.75 per Share represents (i) a discount of approximately 17.6% to the closing price of HK\$0.91 on the Last Trading Day; (ii) a discount of approximately 14.6% to the average closing price of approximately HK\$0.878 in the last 5 trading days prior to the Last Trading Day; (iii) a premium of approximately 8.4% over the average closing price of approximately HK\$0.692 in the last 30 trading days prior to the Last Trading Day; and (iv) a premium of approximately 32.3% over the audited net asset value (as at 31 December 2008) of approximately HK\$0.567 per Share.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscribers and was determined after taking into account (a) the prevailing market price of the Shares; and (b) the previous financial results and the current financial position of the Company. The Directors consider that the Subscription Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

## **Conditions**

Completion of the Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted (subject to allotment) the listing of, and permission to deal in, the Subscription Shares; and
- (b) the Shares remaining listed and traded on the Stock Exchange at all times prior to and on the date of Completion, save for any suspension not exceeding eight consecutive trading days (as defined in the Listing Rules) (or such longer period as the Subscriber and the Company may agree in writing) or any temporary suspension in connection with the clearance by the Stock Exchange of any announcement relating to, among others, the transactions contemplated under the Subscription Agreements.

If the above conditions are not fulfilled or waived on or before 21 May 2009, or such later date as may be agreed by the Company and the Subscribers, the Subscription Agreements shall cease to have any force and effect and neither party to the relevant Subscription Agreement shall have any claims against the other party in respect of any matter arising out of or in connection with such Subscription Agreement save for any antecedent breach.

### **Completion**

Completion will take place on the second Business Day after the fulfillment of condition (i) mentioned above or such later date to be agreed between the Company and the Subscribers.

The Subscription Agreements are to be completed at the same time. The Company shall not be obliged to proceed to completion of a Subscription Agreement if the other Subscription Agreements cannot be completed at the same time.

Further announcement will be made should one or both of the Subscription Agreements is or are not completed.

### **Mandate to issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the General Mandate and will not be subject to further Shareholder's approval.

### **Lock-up period**

Pursuant to the Subscription Agreements, each of the Subscribers undertakes that it shall not, at any time during the period of six months commencing on the date of Completion, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Subscription Shares.

## **USE OF PROCEEDS AND REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in the sales of information technology products, provision of business process operation services, provision of information system consultancy and integration services, provision of information technology operation value-added services and sales of electronic power meters and solutions.

The Directors consider that the Subscription represent an opportunity to raise capital for the Company to broaden the Shareholder base and capital base of the Company and to provide additional funding to the Company's business. Accordingly, the Directors consider the Subscription Agreements are in the interest of the Company and the Shareholders as a whole.

The aggregate gross and net proceeds (after deducting the estimated expenses incurred in relation to the Subscription) to be raised from the Subscription are estimated to amount to HK\$300 million and approximately HK\$298 million, respectively. The aggregate net proceeds per Share from the Subscription are estimated to be approximately HK\$0.745 per Share.

The aggregate net proceeds from the Subscription of approximately HK\$298 million will be utilized as to approximately HK\$60 million for the development of 3G mobile value-added solutions and services, mainly 3G mobile gaming in the PRC; approximately HK\$60 million for the development of payment operation services in the electronic payment market in the United States of America; approximately HK\$30 million for the development of financial solution and electronic meter and automated solution outsourcing services; and the remaining balance as general working capital of the Group.

## FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company had not conducted any capital raising activities of the Group for the 12 months immediately before the date of this announcement.

## CHANGES IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The expected changes in share capital and shareholding structure of the Company are as follows:

	As at the date of this announcement		Immediately after completion of the Subscription <i>(assuming no change in shareholding and share capital in the Company from the date of announcement to Completion)</i>	
	No. of Shares	%	No. of Shares	%
Rich Global Limited <i>(Note 1)</i>	617,083,636	27.65%	617,083,636	23.45%
The Directors <i>(Note 2)</i>	73,196,000	3.28%	73,196,000	2.78%
Ever Union Capital Limited	–	–	200,000,000	7.60%
Benefit Concept Limited and its ultimate beneficial owner <i>(Note 3)</i>	26,000,000	1.16%	226,000,000	8.59%
Other public Shareholders	<u>1,515,693,199</u>	<u>67.91%</u>	<u>1,515,693,199</u>	<u>57.59%</u>
	<u>2,231,972,835</u>	<u>100.00%</u>	<u>2,631,972,835</u>	<u>100.00%</u>

### Notes:

- 1 Mr. Kui Man Chun (“Mr. Kui”), a Director, holds 99.16% interest in Hi Sun Limited, which owns the entire issued share capital of Rich Global Limited.
- 2 Comprising 6,400,000 Shares held by Mr. Li Wenjin, 18,696,000 Shares held by Mr. Xu Wensheng, 22,200,000 Shares held by Mr. Xu Chang Jun, 25,200,000 Shares held by Mr. Kui and 700,000 Shares held by Mr. Xu Xitao.
- 3 As at the date of this announcement, Mr. Lu Lin, the sole shareholder of Benefit Concept Limited is interested in 26,000,000 Shares.

## GENERAL

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Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

## SUSPENSION AND RESUMPTION OF TRADING

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## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Hi Sun Technology (China) Limited (高陽科技(中國)有限公司*), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 23 May 2008 to allot and issue up to 446,394,567 Shares, being 20% of the then issued share capital of the Company as at the date of such annual general meeting
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	11 May 2009, being the last full trading day before the suspension of the trading of the Shares for the purpose of the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

“Subscribers”	Ever Union Capital Limited and Benefit Concept Limited
“Subscription”	subscription of the Subscription Shares by each of the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	conditional subscription agreement dated 12 May 2009 entered into between the Company and each of the Subscribers in relation to the Subscription
“Subscription Price”	HK\$0.75 per Subscription Share
“Subscription Shares”	400,000,000 new Shares to be issued pursuant to the Subscription Agreements
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“subsidiaries”	has the meaning given to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**LI Wenjin**  
*Executive Director*

Hong Kong, 12 May 2009

*As at the date of this announcement, the Board consists of five executive Directors, namely Cheung Yuk Fung, Kui Man Chun, Xu Wensheng, Li Wenjin and Xu Chang Jun; and three independent non-executive Directors, namely Tam Chun Fai, Leung Wai Man, Roger and Xu Sitao.*

\* *For identification purposes only*