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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)**

### PRICE SENSITIVE INFORMATION ANNOUNCEMENT

The Company has signed a term sheet with Wise World with respect to the possible investment in NewCo, which is to be incorporated to hold all of the Company's business interests in wireless value added business and related services. If the transaction contemplated by the term sheet proceeds, it will be a connected transaction, and is likely to be a major transaction, of the Company under the Listing Rules.

The investment is to be made by Wise World and other co-investors to be identified, subject to the fulfilment of a number of conditions including the execution of legal documents and the approval of the investment committee and advisory committee of the investors. **Accordingly, there is no assurance that the investment will proceed (if at all) on terms identical or comparable to those contained in this announcement. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

The Company will make a further announcement as and when appropriate in respect of the possible investment.

This announcement is issued by Hi Sun Technology (China) Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## **Term sheet and parties**

The Company signed on 25 November 2009 a term sheet with Wise World Group Limited (“**Wise World**”) with respect to the possible investment by Wise World and other co-investors to be identified in a company (“**NewCo**”) which is to be incorporated to hold all of the Company’s business interests in wireless value added business and related services, to fund the development and operation of such business as may be approved by the board of NewCo.

The Company has been informed that Wise World is wholly-owned by Hao Capital Fund II L.P, Hao Capital Fund II L.P and Hao Capital China Fund L.P (being funds under common control) through their wholly-owned subsidiaries are currently substantial shareholders of another subsidiary of the Company, PAX Technology Limited through transactions that were the subject of the Company’s announcements dated 11 April 2007 and 1 April 2009 and shareholders circular dated 27 April 2007 and 8 April 2009. Accordingly, if the transaction contemplated under the term sheet proceeds, it will constitute a connected transaction, and is likely also to be a major transaction, of the Company under the Listing Rules.

## **Possible investment terms**

The term sheet contemplates an investment of USD60 million for series A preferred shares, that is convertible into ordinary shares initially on a one-for-one basis, of NewCo representing 6% of its issued share capital as enlarged by the issue of the series A preferred shares or the converted ordinary shares. The series A preferred shares of NewCo are proposed also to be convertible into new shares of the Company initially at HK\$4.5 per share (subject to adjustments for subsequent dilutive issues to be agreed) at any time within three years period beginning on the first anniversary of the issue of those series A preferred shares.

In addition to conversion rights, the term sheet contemplates also that the series A preferred shares of NewCo will entitle the holder to receive dividends in the same way as ordinary shares (on an “as converted” basis). The holder of the series A preferred shares will enjoy liquidation preference before other shareholders of NewCo of an amount equal to one and a half times the amount invested in NewCo by the holders of the series A preferred shares plus all declared but unpaid dividends, after receipt of which, it will further be entitled to distribution of remaining assets of NewCo on an “as if converted” basis pro rata with ordinary shareholders of the Company. The liquidation preference is to be triggered on any liquidation, dissolution or winding up of NewCo or a sale of all or substantially all of its assets.

The term sheet requires that ordinary shareholders of NewCo (including the Company) agree to a 4 year lock up on their share interest in NewCo from completion of the investment. The Company will also be required to undertake not to compete with NewCo on its current products and services on a worldwide basis.

## **Subject to legal documentation and investor internal approvals**

The investment is to be made by Wise World and other co-investors to be identified, subject to the fulfilment of a number of conditions including the execution of legal documents and the approval of the investment committee and advisory committee of the investors. Legal documents that will need to be prepared, negotiated and agreed between the parties are expected to include a subscription agreement, detailed terms of the series A preferred shares and an investor rights agreement which contain provisions for, amongst other things, management of the company, minority protection and restrictions on share transfer (including rights of offer, rights of refusal and co-sale rights). **Accordingly, there is no assurance that the investment will proceed (if at all) on terms identical or comparable to those contained in this announcement. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

The Company will make a further announcement as and when appropriate in respect of the possible investment.

By Order of the Board  
**Li Wenjin**  
*Executive Director*

Hong Kong, 25 November 2009

*As at the date of this announcement, the Board comprises 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. Xu Sitao and Mr. Leung Wai Man, Roger.*

\* *For identification purpose only*