

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is not and does not constitute an offer of, nor is it calculated to invite offer for shares or other securities of the Company.

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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)**

**PROPOSAL TO**

**REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER**

**THE SHARE OPTION SCHEME**

**AND**

**NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM (as defined herein) of the Company to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. ("SGM") is set out on pages 8 to 9 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company at its principal place of business in Hong Kong at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the SGM or any adjournment thereof if they so wish.

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## DEFINITIONS

*In his circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company as may be amended from time to time
“Company”	Hi Sun Technology (China) Limited (高陽科技(中國)有限公司), a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“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
“Latest Practicable Date”	10 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Refreshed Limit”	the refreshment of the limit on the grant of options under the Share Option Scheme
“SGM”	the special general meeting of the Company to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m., to consider and, if thought fit, to refresh the limit on the grant of options under the Share Option Scheme, or any adjournment thereof
“SGM Notice”	the notice convening the SGM as set out on pages 8 to 9 of this circular

## DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to the resolutions of the Shareholders on 29 November 2001
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.



# HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 818)**

*Executive Directors:*

CHEUNG Yuk Fung (*Chairman*)

KUI Man Chun

XU Wensheng

LI Wenjin

CHAN Yiu Kwong

XU Chang Jun

Zhou Jian

*Independent non-executive Directors:*

Tam Chun Fai

Leung Wai Man, Roger

XU Sitao

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and Principal place  
of business:*

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai, Hong Kong

13 November 2006

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL TO  
REFRESH THE LIMIT ON THE GRANT OF OPTIONS UNDER  
THE SHARE OPTION SCHEME  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

An ordinary resolution will be proposed at the SGM to be held on Wednesday, 29 November 2006 to approve the refreshment of the limit on the grant of options under the Share Option Scheme. The purpose of this circular is to provide you with further details in respect of the above proposal and to seek your approval of the ordinary resolution at the SGM.

\* For identification purposes only

## LETTER FROM THE BOARD

### **2. BACKGROUND**

The Company does not have any other share option scheme apart from the Share Option Scheme at present. The purpose of the Share Option Scheme is to enable the Company to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. It is important that the Group should continue to provide such employees and other participants under the Share Option Scheme with an additional incentive and encouragement by offering them an opportunity to obtain an ownership interest in the Company and to enjoy the results of the Company attained through their efforts and contribution.

### **3. REASONS AND BENEFITS OF THE REFRESHMENT OF THE 10% LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME TO THE COMPANY**

The directors consider the refreshment of the 10% limit on the grant of options under the Share Option Scheme is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and to provide them with the incentive to strive for the future developments of the Company. In refreshing the 10% limit on the number of options that can be granted, the Company will, correspondingly, benefit in having much greater flexibility in attracting and retaining the enlarged pool of talented employees to work for the overall betterment and expansion of the Company. The Refreshed Limited is in line with the purpose of the Share Option Scheme.

### **4. PROPOSAL TO REFRESH THE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME OF THE COMPANY**

On 18 March 2004, the Company granted options carrying rights to subscribe for 33,000,000 Shares (adjusted to 132,000,000 Shares due to the subdivision of shares). As at the Latest Practicable Date, no granted option has lapsed and 23,400,000 (adjusted to 93,600,000 Shares due to the subdivision of shares) options have been exercised after the date of the grant.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 33,305,403 Shares, being 10% of the shares in issue as at 17 August 2005, being the date of approval of the previous refreshment of the limit on grant of options in general meeting of the Company.

Since the date of approval of the previous refreshment of the limit on the grant of options in the general meeting of the Company held on 17 August 2005 and up till the Latest Practicable Date, the Company has granted options carrying rights to subscribe for 33,300,000 Shares (adjusted to 133,200,000 Shares due to the Subdivision). As a result, only 5,403 (adjusted to 21,612 Shares due to the Subdivision) options may be granted under the Share Option Scheme prior to the refreshment of the 10% limit. As at the latest practicable date, no granted option has lapsed and 13,200,000 (adjusted to 52,800,000 due to the Subdivision) options have been exercised after the date of the grant.

## LETTER FROM THE BOARD

On 5 June 2006, the Company announced that each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company would be subdivided into four shares of HK\$0.0025 each (the "Subdivision"). The Subdivision then became effective on 29 June 2006 upon fulfillment of the conditions set out in the announcement. The number of shares to be issued upon exercise of each remaining share option became four times that of before. Immediately after the Subdivision, the number of Shares of the Company in issue became 1,636,216,120. As of the Latest Practicable Date, the Shares of the Company in issue was increased to 1,842,616,120 due to the new issue of 100,000,000 Shares completed on 11 October 2006 and the exercise of certain share options by option holders.

Upon the refreshment of the 10% limit on grant of options under the Share Option Scheme, an additional 184,261,612 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

It is, therefore, proposed that, subject to the approval of the Shareholders at the SGM and such other requirements under the Listing Rules, the limit on the grant of options under the Share Option Scheme of the Company will be refreshed to 10% of the Shares in issue as at the date of approval by the Shareholders in general meeting, and options previously granted, if any, under any share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company at any time will not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at the Latest Practicable Date, there were 1,842,616,120 Shares in issue. Assuming that no further Shares will be issued between the period from the Latest Practicable Date and the date of approval of the Refreshed Limit by Shareholders, the maximum number of Shares issuable under the Refreshed Limit pursuant to the Share Option Scheme would be 184,261,612, representing 10% of the Shares in issue as at the date of the SGM.

### Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the SGM to approve the Refreshed Limit of the Share Option Scheme, in order that the total number of securities which may be issued upon the exercise of all options to be granted under the Refreshed Limit will not exceed 10% of the total number of Shares in issue as at the date of approving of the Refreshed Limit.

The adoption of the Refreshed Limit of the Share Option Scheme of the Company is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the increase in the limit on grant of options under the Share Option Scheme at the SGM; and

## LETTER FROM THE BOARD

- (b) the Stock Exchange granting approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the Refreshed Limit.

### **Application for Listing**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 184,261,612 Shares (representing 10% of the Shares in issue as at the date of the SGM) which may be issued upon the exercise of any options that may be granted under the Refreshed Limit.

### **5. SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. at is set out on pages 8 to 9 in this circular.

### **6. ACTION TO BE TAKEN**

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to be present at the SGM, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM. Completion and delivery of the form of proxy will not prevent you from attending and voting at the SGM or any adjournment thereof if you so wish.

### **7. PROCEDURES FOR DEMANDING A POLL**

Pursuant to the existing bye-law 66 of the Bye-Laws of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or



## LETTER FROM THE BOARD

- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated Stock Exchange by the chairman of the meeting and/or the Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a member.

### 8. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; and (ii) there are no other facts the omission of which would make any statement contained herein misleading.

### 9. RECOMMENDATION

The Directors are of the opinion that the refreshment of the limit on grant of options under the Share Option Scheme of the Company is in the best interest of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees under the Share Option Scheme.

An ordinary resolution will be proposed at the forthcoming SGM to approve the refreshment of the 10% limit on the grant of options under the Share Option Scheme in the terms as set out in the resolution of the Notice of SGM. In order that the Company could continue to grant Options to selected participants as incentives or rewards for their contribution to the Company, the Directors recommend that Shareholders vote in favour of this resolution.

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

# NOTICE OF SPECIAL GENERAL MEETING



## HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 818)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “Special General Meeting”) of Hi Sun Technology (China) Limited (the “Company”) will be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 29 November 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, shares of HK\$0.0025 each in the capital of the Company (the “Shares”) to be issued pursuant to the exercise of options which may be granted under the Refreshed Limited (as defined below), the refreshment of the scheme limit of the share option scheme of the Company adopted on 29 November 2001 (“Share Option Scheme”) representing up to 10% of the number of Shares in issue as at the date of passing of this resolution (“Refreshed Limited”) be and is hereby approved and that the directors be and are hereby authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of subscriptions rights under any options and to do all such acts and execute all such documents, as they consider necessary or desirable to implement the Share Option Scheme, to effect the Refreshed Limit and to vote on any matter connected therewith.”

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

Hong Kong, 13 November 2006

\* For identification purposes only

## NOTICE OF SPECIAL GENERAL MEETING

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of Business in Hong Kong:*

Room 2416, 24th Floor  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai, Hong Kong

*Notes:*

- (1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (3) A form of proxy for use at the meeting is enclosed.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's principal place of business at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (5) Completion and return of the form of proxy will not preclude a member from attending and voting at the meeting if the member so desires.