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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 A LOWER 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 Monday, 11 December 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 SGM, 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 SGM. 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 this 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
“Circular”	the circular of the Company dated 13 November 2006 in relation to the proposal to refresh the 10% limit on the grant of options under the Share Option Scheme
“Directors”	the directors of the Company
“First SGM”	the special general meeting of the Company to be held on Wednesday, 29 November 2006 at 10:00 a.m., to consider the refreshment of the limit on the grant of options under the Share Option Scheme
“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”	23 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
“Lower Limit”	a maximum number of 43,000,000 Shares which may further be issued pursuant to the grant of further options under the Share Option Scheme

* For identification purpose only

DEFINITIONS

“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 Monday, 11 December 2006 at 10:00 a.m., to consider and, if thought fit, to approve the maximum number of Shares issuable under the 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
“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

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

Independent non-executive Directors:

TAM Chun Fai

LEUNG Wai Man, Roger

XU Sitao

24 November 2006

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the Circular. Given the maximum number of Shares issuable under the 10% limit as mentioned in the Circular would approximately be 184,261,612, certain minority Shareholders had expressed their concern that the issuance of such number of Shares upon the 10% limit being fully exercised may result in a significant dilution of the shareholdings of the Shareholders in the Company. The majority Shareholders concurred with them and therefore intend to vote against the ordinary resolution as set out in the notice of the First SGM.

* For identification purpose only

LETTER FROM THE BOARD

Therefore in the First SGM, one of the following will occur:–

- (a) An ordinary resolution being passed at the First SGM that the First SGM shall be adjourned indefinitely; or
- (b) The ordinary resolution as set out in the notice of the First SGM being voted down.

In light of the above and to avoid any unnecessary delay of the grant of options, the Board proposes to convene the SGM to pass a new ordinary resolution for approving the Lower Limit, which represents approximately 2.33% of the Shares in issue as at the Latest Practicable Date, to replace the 10% limit as mentioned in the Circular.

After convening the First SGM, the Company shall issue an announcement to notify the Shareholders of the outcome of the First SGM.

The SGM Notice is set out on pages 8 to 9 of this circular. 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 new ordinary resolution at the SGM.

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 LOWER LIMIT UNDER THE SHARE OPTION SCHEME TO THE COMPANY

The Board considers the approval of the Lower Limit 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 approving the Lower Limit, 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 Lower Limit is in line with the purpose of the Share Option Scheme.

LETTER FROM THE BOARD

4. PROPOSAL TO INCREASE THE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

On 18 March 2004, the Company granted options carrying rights to subscribe for 33,000,000 shares of the Company (adjusted to 132,000,000 Shares due to 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) options have been exercised after the date of the grant.

The maximum number of shares of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 33,305,403 shares of the Company, 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 of the Company (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 approval of the Lower Limit. As at the Latest Practicable Date, no granted option as mentioned in this paragraph has lapsed and out of such options granted, 13,200,000 (adjusted to 52,800,000 Shares due to the Subdivision) options have been exercised after the date of the grant.

On 24 May 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 approval of the Lower Limit, an additional 43,000,000 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 Lower Limit be approved and the maximum number of Shares issuable on the grant of options under the Share Option Scheme pursuant to the Lower Limit would be 43,000,000, representing approximately 2.33% of the Shares in issue as at the Latest Practicable Date, 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 Lower Limit.

LETTER FROM THE BOARD

Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the SGM to approve the Lower Limit.

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

- (a) the Shareholders passing an ordinary resolution to approve the increase in the limit on grant of options which may be granted under the Lower Limit at the SGM; and
- (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 Lower 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 43,000,000 Shares (representing approximately 2.33% of the Shares in issue as at the Latest Practicable Date) which may be issued upon the exercise of any options that may be granted under the Lower Limit.

5. SPECIAL GENERAL MEETING

The SGM Notice convening the SGM to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Monday, 11 December 2006 at 10:00 a.m. is set out on pages 8 to 9 of 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 intend 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 the holding of the SGM. Completion and return of the form of proxy will not prevent you from subsequently 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, 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

LETTER FROM THE BOARD

- (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
- (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 adoption of the Lower Limit 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 Lower Limit in the terms as set out in the resolution of the SGM Notice. 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 the Shareholders to vote in favour of this ordinary resolution.

Yours faithfully
By Order of the Board
Li Wenjin
Executive Director

SGM NOTICE



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 Monday, 11 December 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 Lower Limit (as defined below), the grant of further options under the Lower Limit, representing a maximum of 43,000,000 Shares and approximately 2.33% of the number of Shares in issue as at 23 November 2006 (being the latest practicable date prior to the printing of the circular in respect of this matter) upon full exercise of the options which may be further granted (the “Lower Limit”) be and is hereby approved and that the directors of the Company be and are hereby authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot and issue the Shares pursuant to the exercise of subscription rights under any options and to do all such acts and to sign, execute, perfect, perform and deliver all such documents, as they consider necessary or desirable to implement the Share Option Scheme, to effect the Lower Limit and to vote on any matter connected therewith.”

By Order of the Board

Li Wenjin

Executive Director

Hong Kong, 24 November 2006

* *For identification purpose only*

SGM NOTICE

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.