

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 to be taken, 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 Hi Sun Technology (China) Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)

**TERMINATION OF PAX DISPOSAL AGREEMENT
AND
DISCLOSEABLE TRANSACTION IN RELATION TO
ISSUE OF PREFERENCE SHARES
BY PAX RESULTING IN POSSIBLE DEEMED
DISPOSAL OF INTEREST IN PAX**

Financial adviser to the Company



CIMB-GK Securities (HK) Limited

A notice convening the special general meeting of the Company to be held at 10:00 a.m. on Tuesday, 15 May 2007 at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong is set out on pages 18 to 19 of this circular. If you are not able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time for the meeting or any adjournment thereof to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, the following expressions shall, unless the context otherwise requires, have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Conversion”	the exercise of the conversion rights to convert the PAX Preference Shares of a principal amount of up to the entire Subscription Price into the PAX Ordinary Shares at any time from Completion on the basis of one PAX Preference Share into one PAX Ordinary Share, subject to adjustments
“Directors”	the directors of the Company
“Employment Agreement”	each of the employment agreement to be entered into by the Company and/or 百富計算機技術(深圳)有限公司 (Pax Technology (Shenzhen) Limited), a wholly-owned subsidiary of PAX, (as the Subscriber may require) with each of the key management staff of PAX and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Keen Ambition”	Keen Ambition Enterprise Limited, a company incorporated in the British Virgin Islands and the purchaser of the entire issued share capital of PAX under the PAX Disposal Agreement
“Latest Practicable Date”	25 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PAX”	Pax Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PAX Disposal Agreement”	the sale and purchase agreement dated 6 November 2006 entered into between the Company, Keen Ambition and Mr. Mo Ying San in relation to the proposed disposal of the entire issued share capital of PAX by the Company to Keen Ambition, details of which are set out in the circular of the Company dated 27 November 2006
“PAX Ordinary Shares”	ordinary shares of HK\$1.00 each in the share capital of PAX
“PAX Preference Shares”	8,750,000 new preference shares of HK\$1.00 each in the share capital of PAX to be issued to the Subscriber pursuant to the Subscription Agreement, representing 20% of the issued share capital of PAX as enlarged by the Subscription
“PRC”	The People’s Republic of China
“SGM”	the special general meeting of the Company to be held to approve the Subscription Agreement and the transactions contemplated thereunder
“Shareholders”	holders of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Company, the Subscriber and PAX upon Completion
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Digital Investment Limited, a company incorporated in Samoa with limited liability
“Subscription”	the subscription of the PAX Preference Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 4 April 2007 and entered into between the Company, PAX and the Subscriber in relation to the Subscription

DEFINITIONS

“Subscription Price”	the subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) to be paid by the Subscriber pursuant to the Subscription Agreement
“Termination Agreement”	the termination agreement dated 4 April 2007 entered into between the Company, Keen Ambition and Mr. Mo Ying San for the termination of the PAX Disposal Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of illustration in this circular, figures in US\$ are translated into HK\$ at the exchange rate of US\$0.128 to HK\$1.00.



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:

Mr. CHEUNG Yuk Fung (*Chairman*)

Mr. KUI Man Chun

Mr. XU Wensheng

Mr. LI Wenjin

Mr. CHAN Yiu Kwong

Mr. XU Chang Jun

Independent non-executive Directors:

Mr. TAM Chun Fai

Mr. XU Sitao

Mr. LEUNG Wai Man, Roger

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal
place of business:*

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

27 April 2007

To the Shareholders

Dear Sir or Madam,

**TERMINATION OF PAX DISPOSAL AGREEMENT
AND
DISCLOSEABLE TRANSACTION IN RELATION TO
ISSUE OF PREFERENCE SHARES
BY PAX RESULTING IN POSSIBLE DEEMED
DISPOSAL OF INTEREST IN PAX**

INTRODUCTION

Reference is made to the announcement of the Company dated 7 November 2006 and the circular of the Company dated 27 November 2006 in relation to the proposed disposal of the entire issued share capital of PAX by the Company to Keen Ambition pursuant to the PAX Disposal Agreement. On 4 April 2007, the Company, Keen Ambition and Mr. Mo Ying San (as guarantor of the obligations of Keen Ambition under the PAX Disposal Agreement) entered into the Termination Agreement to terminate the PAX Disposal Agreement.

* For identification purpose only

LETTER FROM THE BOARD

On 4 April 2007, PAX, an indirect wholly-owned subsidiary of the Company, and the Company entered into the Subscription Agreement with the Subscriber in relation to the subscription by the Subscriber of the PAX Preference Shares at a total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million). The PAX Preference Shares represent 25% of the existing issued share capital of PAX and 20% of the issued share capital of PAX as enlarged by the Subscription. The total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) was determined after arm's length negotiations by the parties after taking into consideration the financial position, the historical financial performance and the business prospect of PAX. Based on the subscription price of US\$10 million (equivalent to approximately HK\$78.1 million), the subscription price represents a premium of approximately 188% over the 20% attributable interest of the PAX Preference Shares (on an "as converted" basis) in the unaudited net assets of PAX as at 30 June 2006, as adjusted for the subscription price of US\$10 million (equivalent to approximately HK\$78.1 million).

The purpose of this circular is to provide you with further details of the Subscription Agreement together with a notice convening the SGM at which an ordinary resolution will be proposed for the approval of the Subscription Agreement and the transactions contemplated thereunder.

THE TERMINATION AGREEMENT

The Company, Keen Ambition and Mr. Mo Ying San (as guarantor of the obligations of Keen Ambition under the PAX Disposal Agreement) entered into the Termination Agreement on 4 April 2007 pursuant to which the Company, Keen Ambition and Mr. Mo Ying San irrevocably and unconditionally agreed to terminate the PAX Disposal Agreement in consideration of the return of the deposit of HK\$5,000,000 by the Company to Keen Ambition.

As a result of the signing of the Termination Agreement, the proposed disposal of the entire interest in PAX to Keen Ambition by the Company, details of which are set out in the circular of the Company dated 27 November 2006, will not proceed. The Directors consider that the termination of the PAX Disposal Agreement will not have any material adverse impact on the financial position and operation of the Group.

THE SUBSCRIPTION AGREEMENT

Date:	4 April 2007
Issuer:	PAX, an indirect wholly-owned subsidiary of the Company
Subscriber:	Digital Investment Limited, a company wholly-owned by Hao Capital China Fund LP ("Hao Capital")

LETTER FROM THE BOARD

To the Directors' best knowledge, information and belief having made reasonable enquiries, save for (i) HTSS ET Capital Limited, a company wholly-owned by Hao Capital, is a subscriber of 380,389 preference shares in Emerging Technology Limited ("Emerging Technology"), a subsidiary of the Company, representing 4.5% of the issued share capital of Emerging Technology on an "as converted" basis (details of which are set out in the announcement of the Company dated 25 August 2006 and the circular of the Company dated 8 September 2006); and (ii) Ms. Elaine Wong, a director of Emerging Technology, who holds an equity interest, direct and indirect, of approximately 0.2% in Hao Capital, the Subscriber and its ultimate beneficial shareholders are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

- Warrantor: The Company
- The Subscription: Pursuant to the Subscription Agreement, PAX will issue to the Subscriber 8,750,000 PAX Preference Shares, which represent 20% of the issued share capital of PAX as enlarged by the Subscription, for a total consideration of US\$10 million (equivalent to approximately HK\$78.1 million).
- Subscription Price: The total subscription price of US\$10 million (equivalent to approximately HK\$78.1 million) will be settled in cash by the Subscriber at Completion.
- Rights to income, capital and voting:
1. The PAX Preference Shares will rank in priority to any other class of shares in the capital of PAX to the return of an amount equal to the aggregate initial subscription price of the PAX Preference Shares and any dividends accumulated on the PAX Preference Shares then in arrears (if any) on return of capital on a winding-up or otherwise of PAX. After the above aggregate sum is satisfied, any remaining funds and assets of PAX legally available for distribution to its shareholders would be distributed pro rata among the holders of the PAX Preference Shares and the holders of PAX Ordinary Shares.
 2. Holders of the PAX Preference Shares shall be entitled, on a priority basis, the dividends that would be paid with respect to the PAX Ordinary Shares on an "as converted" basis.
 3. Holders of the PAX Preference Shares shall be entitled to vote as a separate class at the general meeting of PAX only in relation to matters that affect the rights attaching to the PAX Preference Shares.

LETTER FROM THE BOARD

Conversion right: The Subscriber is entitled to convert the PAX Preference Shares at any time from the date of Completion into PAX Ordinary Shares on the basis of one PAX Preference Share into one PAX Ordinary Share (the “Conversion Ratio”).

The Conversion Ratio will be adjusted:

- (i) on consolidation, reclassification or sub-division of PAX Ordinary Shares in customary manner; and
- (ii) if and when PAX issues any shares or equity securities convertible into shares at any time after Completion at a price per share (the “Lower Price”) below the subscription price per PAX Preference Share, so that the number of PAX Ordinary Shares which fall to be issued on conversion will be increased by the same proportion the subscription price bears to the Lower Price.

Conditions precedent: Completion is conditional upon the following conditions being fulfilled or waived in writing:

1. amendment to the Memorandum and Articles of Association of PAX as may be required to create the PAX Preference Shares;
2. compliance with all legal and regulatory requirements relating to the Subscription Agreement and the transactions contemplated thereunder by the Company and PAX including, if required, the approval of the Subscription Agreement and the transactions contemplated thereunder by the Shareholders in a manner as required under the Listing Rules, the doing of all acts, deeds and things and the obtaining of all necessary consents and approvals for the entering into of and completion of the transactions contemplated under the Subscription Agreement;
3. the approval by the board of directors of the Company and PAX of the entering into of the Subscription Agreement and the Shareholders’ Agreement and their performance and completion of the transactions contemplated thereunder;

LETTER FROM THE BOARD

4. the execution and delivery to the Subscriber of the following documents required to be duly executed and/or delivered to the Subscriber before Completion pursuant to the Subscription Agreement:
 - (a) a certified copy of the Termination Agreement duly entered into and executed by the parties thereto;
 - (b) a certified copy of the Employment Agreement executed by the respective parties thereto; and
 - (c) the audited consolidated financial statements for the year ended 31 December 2006 and the unaudited consolidated financial statements for the three months ended 31 March 2007 of PAX;
5. completion of a business, financial, accounting and legal due diligence review on PAX to be conducted by the Subscriber to its reasonable satisfaction; and
6. approval of the entering into of the Subscription Agreement and the transactions contemplated thereunder by the investment committee of the Subscriber.

If any of the conditions above has not been fulfilled or waived (save that item (2) above shall not be capable of being waived) in writing by the Subscriber on or prior to a date which is 60 days from the date of the Subscription Agreement (or such later date as the Company, PAX and the Subscriber may agree in writing), the Subscription Agreement shall terminate.

Completion:

Completion shall take place on the third Business Day following the day on which the conditions of the Subscription Agreement set out above have been satisfied or waived (as applicable) or such other date as the Company, PAX and the Subscriber may agree in writing.

Shareholders' Agreement:

On Completion, the Company is required to enter into the Shareholders' Agreement which sets out the rights and obligations of the shareholders of PAX and includes, amongst others, the following terms:

LETTER FROM THE BOARD

1. If the audited consolidated net profit after taxation of PAX for the year ending 31 December 2007 (“2007 Actual Profit”) is less than US\$7 million (equivalent to approximately HK\$54.7 million), the Company shall transfer to the Subscriber an aggregate of up to 5% of the issued share capital of PAX as enlarged by the Subscription (the “PAX Adjustment”), for a nominal consideration of HK\$1, in accordance with the following provision:

2007 Actual Profit	Additional PAX Ordinary Shares to be transferred to the Subscriber
Less than US\$6,200,000	5%
US\$6,200,000 or more but less than US\$6,400,000	4%
US\$6,400,000 or more but less than US\$6,600,000	3%
US\$6,600,000 or more but less than US\$6,800,000	2%
US\$6,800,000 or more but less than US\$7,000,000	1%

2. Subject to the Subscriber holding an aggregate of not less than 5% of the PAX Preference Shares in issue immediately upon Completion, the Subscriber shall have one board seat in PAX. The board of PAX currently comprises two directors.

FINANCIAL EFFECTS OF THE SUBSCRIPTION ON THE GROUP

The Directors are of the view that under the current Hong Kong Financial Reporting Standards:

- (i) Upon Completion, no gain or loss will be recorded. Instead, the consideration of the Subscription will be split between and initially recognised as financial liability and equity components separately in the consolidated balance sheet of the Group on the date of Completion. The financial liability component is recognized initially at its fair value plus, in the case of such financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives that are liabilities, shall be measured at fair value. Expenses on such liability components will be charged to the consolidated profit and loss account of the Group.

LETTER FROM THE BOARD

- (ii) Should the Subscriber exercises the Conversion in full, upon completion of the Conversion, a gain or loss on deemed disposal may arise, which will be calculated with reference to the Company's interest in PAX based on the then audited net asset value of PAX as compared to the Subscription Price.

Shareholders should note that the calculation of gain or loss upon Conversion is subject to review by the Company's auditors at the time of the Conversion, if it does occur.

Following Completion, the Company's interest in the issued ordinary share capital of PAX will (i) remain as 100%, if the PAX Adjustment does not occur; or (ii) reduce from 100% to not less than 95% if the PAX Adjustment occurs to the fullest extent. Assuming the Subscriber exercises the Conversion in full, upon completion of the Conversion, the Company's interest in the issued ordinary share capital of PAX will be reduced from 100% to 80%, or in case of the PAX Adjustment, to not less than 75%. Upon Completion, irrespective of the Conversion and the PAX Adjustment, PAX will remain as a subsidiary of the Company.

INFORMATION ON THE GROUP

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

INFORMATION ON PAX

PAX, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability on 8 March 2000. The principal activities of PAX are investment holding and the sales of electronic fund transfer point-of-sale terminals and services.

Set out below is a summary of the audited consolidated financial information of PAX for the two years ended 31 December 2005 and the unaudited consolidated financial information of PAX for the six months ended 30 June 2006, which are prepared in accordance with accounting principles generally accepted in Hong Kong:

	For the years ended 31 December		For the six months ended
	2004	2005	30 June 2006
	HK\$'000	HK\$'000	HK\$'000
Turnover	95,995	133,073	83,424
Net profit before taxation	8,200	13,470	15,215
Net profit after taxation	8,200	13,470	14,174

LETTER FROM THE BOARD

	As at 31 December 2004	As at 31 December 2005	As at 30 June 2006
	HK\$'000	HK\$'000	HK\$'000
Net assets value	29,295	43,280	57,442

INFORMATION ON THE SUBSCRIBER

The Subscriber, Digital Investment Limited, is an investment company incorporated in Samoa with limited liability and is wholly-owned by Hao Capital.

To the Directors' best knowledge, information and belief having made reasonable enquiries, save for (i) HTSS ET Capital Limited, a company wholly-owned by Hao Capital, is a subscriber of 380,389 preference shares in Emerging Technology, a subsidiary of the Company, representing 4.5% of the issued share capital of Emerging Technology on an "as converted" basis (details of which are set out in the announcement of the Company dated 25 August 2006 and the circular of the Company dated 8 September 2006); and (ii) Ms. Elaine Wong, a director of Emerging Technology, who holds an equity interest, direct and indirect, of approximately 0.2% in Hao Capital, each of the Subscriber and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

REASON FOR THE TERMINATION AGREEMENT

Under the PAX Disposal Agreement, the Group will receive cash consideration of HK\$200 million for the disposal of its entire interest in PAX, effectively valuing a 100% of PAX at HK\$200 million. On the other hand, under the Subscription Agreement, the Group will receive cash consideration of US\$10 million (equivalent to approximately HK\$78.1 million) for the issuance of PAX Preference Shares representing 20% or a maximum of 25% of the issued share capital of PAX as enlarged by the Subscription under certain circumstances as described above in further details, effectively valuing a 100% of PAX at between US\$40 million (equivalent to approximately HK\$312.4 million) and US\$50 million (equivalent to approximately HK\$390.5 million).

Given the substantially higher valuation of PAX given by the Subscriber as compared to the valuation of PAX under the PAX Disposal Agreement and considering the fact that the Group will retain a minimum of 75% interest in PAX under the Subscription Agreement, the Directors are of the view that it is in the interest of the Company to terminate the PAX Disposal Agreement and enter into the Subscription Agreement.

REASON FOR THE SUBSCRIPTION AND PROPOSED USE OF PROCEEDS

The Directors consider the terms of the Subscription Agreement, which were negotiated on an arm's length basis between the parties involved, fair and reasonable. The Directors also consider that the Subscription will provide additional working capital to PAX for its business operation and is in the interests of the Shareholders as a whole. The proceeds from the Subscription will be used for general working capital of PAX.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Assuming the Subscriber exercises the Conversion in full, upon completion of the Conversion, the Company's interest in the issued ordinary share capital of PAX will be reduced from 100% to 80%. The Company is required, under certain circumstances (as described in the paragraph headed "Shareholders' Agreement" in the section headed "The Subscription Agreement" above), to transfer to the Subscriber up to 5% of the issued share capital of PAX as enlarged by the Subscription. Under such scenario and assuming Conversion in full, the Company's interest in the issued ordinary share capital of PAX will be reduced from 100% to not less than 75%.

Accordingly, the Subscription will then constitute a possible material dilution of the Company's interest in PAX pursuant to Rule 13.36(1) of the Listing Rules and the Subscription Agreement is subject to the approval of the Shareholders at the SGM. As advised by Hao Capital, as at the Latest Practicable Date, its principals (that is, the general partners that control the voting power of Hao Capital) control voting rights over a total of 3,933,928 Shares, representing approximately 0.2% of the existing issued share capital of the Company. The principals of Hao Capital have undertaken to the Company that the Shares held by them will not be voted on the resolution to approve the Subscription at the SGM. The Subscription also constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

SGM

Set out on pages 18 to 19 of this circular is a notice convening the SGM to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 15 May 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolution to approve the Subscription Agreement and the transactions contemplated thereunder.

A form of proxy is herewith enclosed for use at the SGM. If you are not able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

Pursuant to 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 (as defined in the bye-laws of the Company) 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 by: (i) the chairman of the meeting; or (ii) at least three members present in person (or in the case of a member

LETTER FROM THE BOARD

being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or (iii) 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 members having the right to vote at the meeting; or (iv) 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 (v) if required by the rules of the Designated Stock Exchange (as defined in the bye-laws of the Company) 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Directors recommend that the Shareholders vote in favour of the resolution for approving the Subscription Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Hi Sun Technology (China) Limited
LI Wenjin
Executive Director

1. 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 there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) *Interests in ordinary shares of the Company*

Name of Director	Capacity in which such interests are held	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%)
Mr. KUI Man Chun	Corporate (Note 2)	757,083,636 (L)	38.66
Mr. XU Wensheng	Personal	13,200,000 (L)	0.67
Mr. LI Wenjin	Personal	26,400,000 (L)	1.35
Mr. XU Chang Jun	Personal	13,200,000 (L)	0.67
Mr. CHAN Yiu Kwong	Personal	4,728,000 (L)	0.24
Mr. XU Sitao	Personal	600,000 (L)	0.03

(ii) *Interests in ordinary shares of the associated corporations*

Name of Director	Capacity in which such interests are held	Name of associated corporation	Number of shares held (Note 1)
Mr. KUI Man Chun	Corporate	Rich Global Limited	2 (L)
Mr. KUI Man Chun	Personal	Hi Sun Limited	30,245,000 (L)
Mr. LI Wenjin	Personal	Hi Sun Limited	255,000 (L)

Notes:

- The letter "L" denotes a long position in shares.
- These shares are held by Mr. KUI Man Chun through Hi Sun Limited, a company which Mr. KUI Man Chun holds a 99.16% interest, and Rich Global Limited, a wholly-owned subsidiary of Hi Sun Limited.

(iii) *Interests in share options of the Company*

Name of Director	Number of options outstanding	Date of grant	Exercise price (HK\$)
Mr. KUI Man Chun	12,000,000	18 March 2004 (Note 1)	0.0935
	13,200,000	26 September 2005 (Note 2)	0.192
Mr. XU Wensheng	13,200,000	26 September 2005 (Note 2)	0.192
Mr. XU Chang Jun	13,200,000	26 September 2005 (Note 2)	0.192
Mr. CHAN Yiu Kwong	4,000,000	26 September 2005 (Note 2)	0.192

Notes:

- The exercisable period of the share options of the Company is from 18 March 2004 to 17 March 2014 (both dates inclusive).
- The option period commences on 26 September 2005 and expires 10 years thereafter. Share options of the Company granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%
- The consideration paid by the grantee for the acceptance of each grant of options was HK\$1.00.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of Shareholder	Number of Shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital
Rich Global Limited	757,083,636 (L)	38.66%
Hi Sun Limited	757,083,636 (L) <i>(Note 2)</i>	38.66%

Notes:

1. The letter "L" denotes a long position in shares.
2. Hi Sun Limited, the share capital of which is held as to 99.16% by Mr. KUI Man Chun, an executive Director, is interested in the share capital of the Company by virtue of its 100% shareholding in Rich Global Limited.
3. Mr. KUI Man Chun, Mr. LI Wenjin, Mr. XU Wensheng, Mr. CHAN Yiu Kwong are directors of Hi Sun Limited. Mr. KUI Man Chun, Mr. LI Wenjin are directors of Rich Global Limited.

Save as disclosed herein, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors, there is no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had notified to the Company any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

(c) Particulars of executive Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

3. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

5. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal office of the Company is at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. CHAN Yiu Kwong, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom.
- (d) The qualified accountant of the Company is Mr. CHAN Yiu Kwong, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom (as required under Rule 3.24 of the Listing Rules).
- (e) The branch share registrar of the Company in Hong Kong is Tengis Limited, Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong
- (f) The English text of this circular shall prevail over the Chinese text.

NOTICE OF SGM



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 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 Tuesday, 15 May 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following as an ordinary resolution of the Company: –

ORDINARY RESOLUTION

“THAT:

the conditional subscription agreement dated 4 April 2007 and entered into between the Company, Pax Technology Limited and Digital Investment Limited (the “Subscription Agreement”) (a copy of which has been produced to the meeting marked “A” and initialed by the Chairman for the purposes of identification), under which Digital Investment Limited agreed to subscribe, and Pax Technology Limited agreed to issue and allot to Digital Investment Limited, 8,750,000 new preference shares of HK\$1.00 each in the share capital of Pax Technology Limited, at an aggregate subscription price of US\$10,000,000 (equivalent to approximately HK\$78.1 million), be and is hereby approved, confirmed and ratified, and that the directors of the Company be authorised to sign or execute such documents or agreements (including but not limited to a shareholders agreement) or deeds on behalf of the Company whether under the common seal of the Company or otherwise as may be necessary and to do such other things and to take all such actions as they consider necessary or desirable for the purposes of facilitating, executing, implementing or giving effect to the Subscription Agreement and the transactions contemplated thereunder.”

By Order of the Board

LI Wenjin

Executive Director

Hong Kong, 27 April 2007

Head office and principal place of business of the Company:

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

** For identification purpose only*

NOTICE OF SGM

Notes:

1. A form of proxy for use at the meeting is enclosed with the circular despatched on 27 April 2007 to the members of the Company.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share any one of such joint holder 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 in respect of the joint holding.