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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 purchasers or transferees or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchasers or transferees.

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION —
PROPOSED GRANT OF OPTIONS BY AND DEEMED DISPOSAL OF
A WHOLLY-OWNED SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and the independent Shareholders**



**普頓資本有限公司
PROTON CAPITAL LIMITED**

A notice convening the SGM to be held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 February 2014 at 4:30 p.m. is set out on pages 28 to 29 of this circular. A form of proxy for use at the SGM is enclosed herewith. Such form of proxy is also published on the websites of the Stock Exchange and the Company respectively.

A letter from the Independent Board Committee containing its recommendation to the independent Shareholders is set out on pages 12 to 13 of this circular. A letter from Proton Capital containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 14 to 23 of this circular.

Whether or not you are able to attend the SGM you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Room 2515, 25th 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 preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting if they so wish.

* For identification purpose only

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DEFINITIONS

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

“Board”	the board of Directors
“Chongqing Jiexing”	重慶結行移動商務有限公司, a limited liability company incorporated in the PRC and is accounted for as a wholly-owned subsidiary of the Company
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Conditions”	collectively, the Grant Conditions and the Exercise Condition
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Date of Grant”	the date on which all of the Grant Conditions have been fulfilled and satisfied
“Director(s)”	the director(s) of the Company
“Enlarged Registered Capital”	the maximum registered capital of the Subsidiary to be increased to pursuant to the exercise of the Options by the Grantees, which shall be RMB200 million
“Exercise Condition”	the condition precedent to the exercise of Options
“Exercise Date”	the date on which the Grantees exercise the Options
“Exercise Period”	within 6 months from the Date of Grant
“Exercise Price”	RMB1.2 for every RMB1.0 of the Enlarged Registered Capital
“Grant Conditions”	the conditions precedent to the grant of Options
“Grantees”	Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge together, each a “Grantee”
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger, established to advise the independent Shareholders

DEFINITIONS

“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the independent Shareholders in relation to the Options Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	22 January 2014, being the last practicable date prior to the printing of this circular for the purpose of ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Huimin, the executive vice general manager of the Subsidiary
“Mr. Shen”	Mr. Shen Zheng, a director and the general manager of the Subsidiary
“Mr. Xue”	Mr. Xue Guangyu, a vice general manager of the Subsidiary
“Ms. Ge”	Ms. Ge Xiaoxia, a vice general manager of the Subsidiary
“Option(s)”	the option to be granted to each of Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge for the subscription of up to 10%, 4.8%, 3.2% and 2% of the Enlarged Registered Capital respectively, together referred to as Options
“Option Interests”	the equity interest of the Subsidiary to be held by each of Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge pursuant to the exercise of the Options and together amount to a maximum of 20% of the Enlarged Registered Capital
“Options Agreement”	the agreement entered into between Chongqing Jiexing, the Subsidiary and the Grantees on 6 January 2014 pursuant to which Chongqing Jiexing and the Subsidiary conditionally agreed to grant Options to the Grantees to subscribe, in aggregate, up to the Option Interests
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company convened to be held at 4:30 p.m. on Tuesday, 18 February 2014 for the purpose of considering and, if thought fit, approving the Options Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	隨行付支付有限公司, a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Chongqing Jiexing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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:

Mr. CHEUNG Yuk Fung (*Chairman*)
Mr. KUI Man Chun (*Chief Executive Officer*)
Mr. XU Wensheng
Mr. LI Wenjin
Mr. XU Chang Jun

Non-executive Director:

Mr. CHANG Kai-Tzung, Richard

Independent non-executive Directors:

Mr. TAM Chun Fai
Mr. XU Sitao
Mr. LEUNG Wai Man, Roger

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business:*

Room 2515, 25th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

28 January 2014

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION —
PROPOSED GRANT OF OPTIONS BY AND DEEMED DISPOSAL OF
A WHOLLY-OWNED SUBSIDIARY**

INTRODUCTION

Reference is made to the announcement dated 6 January 2014 of the Company regarding the Options Agreement and the transactions contemplated thereunder.

The purpose of this circular, among other matters, is to provide you with relevant information regarding the proposed grant of Options by and deemed disposal of a wholly-owned subsidiary of the Group pursuant to the Options Agreement and to give you the notice of the SGM.

* For identification purpose only

LETTER FROM THE BOARD

THE OPTIONS AGREEMENT

Date

6 January 2014

Parties

- (1) Chongqing Jiexing;
- (2) Subsidiary;
- (3) Mr. Shen (who is a director and the general manager of the Subsidiary);
- (4) Mr. Li (who is the executive vice general manager of the Subsidiary);
- (5) Mr. Xue (who is a vice general manager of the Subsidiary); and
- (6) Ms. Ge (who is a vice general manager of the Subsidiary).

Nature of the transaction

Pursuant to the Options Agreement, Chongqing Jiexing and the Subsidiary conditionally agreed to grant to the Grantees the Options which may be exercised by the Grantees at the Exercise Price of RMB1.2 for every RMB1.0 in the Enlarged Registered Capital subject to the terms and conditions of the Options Agreement for the subscription of the Enlarged Registered Capital in the following manner:

Name of Grantee	Aggregate Exercise Price (RMB)	Amount of Enlarged Registered Capital (RMB)	Percentage of the Enlarged Registered Capital (%)
Mr. Shen	24,000,000	20,000,000	10.0
Mr. Li	11,520,000	9,600,000	4.8
Mr. Xue	7,680,000	6,400,000	3.2
Ms. Ge	<u>4,800,000</u>	<u>4,000,000</u>	<u>2.0</u>
Total:	<u><u>48,000,000</u></u>	<u><u>40,000,000</u></u>	<u><u>20.0</u></u>

Exercise Price

The Exercise Price shall be paid by the Grantees in cash to the Subsidiary if and when the Options are exercised.

LETTER FROM THE BOARD

The Exercise Price was arrived at after arm's length negotiation between Chongqing Jiexing, the Subsidiary, and the Grantees, with reference to the existing paid-up registered capital of the Subsidiary with a 20% premium. As the Subsidiary is still at development stage and was loss making for the period from 29 July 2011 (being the date of establishment of the Subsidiary) to 31 December 2011 and the year ended 31 December 2012, the Group considers that it is not appropriate to determine the Exercise Price by merely making reference to the net assets value of the Subsidiary. Instead, the Group considers that setting the Exercise Price at a premium over the registered capital of the Subsidiary is in the interests of the Group because it can be treated as a target for improvement of the value of the Subsidiary. The amount of premium was arrived at after negotiation between the Group and the Grantees, having considered the unaudited net assets value of the Subsidiary of approximately HK\$65,375,000 as at 30 June 2013, the historical financial performance of the Subsidiary and the business potentials of the Subsidiary, in particular, its increasing transaction volume and operation scale. The Directors considered that the 20% premium is fair and reasonable.

Conditions precedent to the grant of Options

The grant of the Options under the Options Agreement shall be conditional upon and subject to the fulfilment and satisfaction of the following Grant Conditions:

- (i) the passing of the resolution by the independent Shareholders at the SGM approving the Options Agreement and the transactions contemplated thereunder, including but not limited to the grant of Options; and
- (ii) all necessary consents, approvals and permits required to be obtained by the parties to the Options Agreement (if any) in respect of the Options Agreement and the transactions contemplated thereunder, having been obtained.

None of the Grant Conditions is capable of being waived. If the Grant Conditions shall not have been fulfilled and satisfied in full on or before 31 March 2014 (or such later date as agreed by the parties to the Options Agreement), the Options Agreement shall be terminated and none of the parties shall claim any damages from the other parties to the Options Agreement.

The Options will be granted and vested on the day when the last outstanding Grant Condition shall have been fulfilled and satisfied.

Condition precedent to the exercise of Options

The exercise of the Options shall be conditional upon and subject to the fulfilment and satisfaction of the Exercise Condition that each of the Grantees shall have been under full time employment of the Subsidiary for at least 2 years on the Exercise Date and the remaining terms of employment under each of their respective employment contracts with the Subsidiary shall not be less than 36 months from Exercise Date.

LETTER FROM THE BOARD

Terms of exercise of Options

The Options shall only be exercised once within the Exercise Period and each of the Grantees entitled to exercise his/her relevant Option shall exercise and pay for his/her relevant aggregate Exercise Price for his/her relevant Option concurrently.

A Grantee shall not be entitled to exercise any of his/her Option if any of the events below occurs prior to or at the time of the exercise of his/her relevant Option:

- (1) there is no continuous full time employment relationship between the Grantee and the Subsidiary;
- (2) the Grantee, in performance of the duties as an employee of the Subsidiary, contravenes any of the provisions of the PRC Companies Law or the articles of association of the Subsidiary or conducts any acts to the significant detriment of the Subsidiary;
- (3) the Grantee through his/her obvious misconduct, in performance of the duties as an employee of the Subsidiary, causes significant loss to the Subsidiary;
- (4) the Subsidiary, in its absolute discretion, considers the Grantee to be directly responsible for any of its financial losses or deterioration of businesses;
- (5) the Grantee is liable for any criminal offence; or
- (6) the Grantee is in breach of any laws, the articles of association or any regulations of the Subsidiary or his/her relevant employment contract with the Subsidiary.

Where any of the Options has not been exercised within the Exercise Period, such Options shall lapse automatically upon expiration of the Exercise Period without any obligation on either Chongqing Jiexing or the Subsidiary to pay any compensation to any of the Grantees.

The Options are personal to the Grantees and are not transferable both before and during the Exercise Period.

Covenants

Each of the Grantees covenants not to transfer any of their respective Option Interests in the Subsidiary within 2 years of the exercise of the Options, and thereafter, Chongqing Jiexing shall have the pre-emptive rights for any such sale or transfer of the Option Interests.

When a third party purchaser offers to purchase the entire equity interest of the Subsidiary and Chongqing Jiexing agrees to sell its entire interests in the Subsidiary to such purchaser, the Grantees shall agree to sell their entire interests in the Subsidiary to such third party purchaser at the same price at which Chongqing Jiexing sells its entire interests in the Subsidiary.

LETTER FROM THE BOARD

When the purchase offer of a third party purchaser relates only to part of the equity interests in the Subsidiary, Chongqing Jiexing may choose to sell its interests in the Subsidiary alone or request the Grantees to sell their interests in the Subsidiary to such third party purchaser together with it in proportion to their respective holding in the Subsidiary at the same price at which Chongqing Jiexing sells its equity interests in the Subsidiary.

Chongqing Jiexing and the Subsidiary covenant that, where there shall be any increase in the registered capital of the Subsidiary in the future, each of the Grantees shall have the rights to contribute to the increased registered capital of the Subsidiary to the extent that their respective interests in the Subsidiary remains the same before and after such increase. Such increase in registered capital of the Subsidiary may constitute notifiable or connected transaction of the Company. The Company will comply with the applicable requirements of the Listing Rules when such increase in registered capital of the Subsidiary constitutes notifiable or connected transaction of the Company.

REASONS FOR AND BENEFIT OF THE TRANSACTION

Each of the Grantees has been working and serving as senior management in the Subsidiary since 2011. They are responsible for the day-to-day management, product development, marketing, risk management, customer relationship and finance management of the Subsidiary. The Subsidiary was newly established in July 2011. Under the Grantees' management, the Subsidiary has been gradually building up transaction volume and operation scale. The Directors considered that the grant of the Options to the Grantees is in recognition of their contributions to the growth of the Subsidiary in the past and as an incentive for their continuing commitments and contributions to the Subsidiary in the future.

The Directors have considered several methods of providing incentives to the Grantees, including lump sum cash bonuses, remuneration increment, profit sharing schemes as well as the grant of the Options. After careful consideration of the various alternatives, the Directors consider the grant of the Options to be the most appropriate method. As opposed to the other alternatives, the Directors consider that the grant of Options to enable the Grantees to subscribe for the equity interest in the Subsidiary will motivate them to continue to contribute to the success and long term development of the Subsidiary. It is also beneficial to the Subsidiary and the Group as a whole as the interest of the senior management of the Subsidiary will be aligned with that of the Group by subscribing for an interest in the Subsidiary themselves. In addition, the capital base of the Subsidiary will be enlarged and the Grantees (which are management staff of the Subsidiary) will be more committed to the furtherance of the development of the Subsidiary's business. Having considered the above factors, the Directors considered that the grant of Options is in the best interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Options Agreement and the transactions contemplated thereunder (including Exercise Price), which are arrived at after arm's length negotiation with the Grantees, are fair and reasonable, on normal commercial terms, and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF THE SUBSIDIARY

The Subsidiary is a limited liability company incorporated in the PRC and is principally engaged in the provision of payment processing solutions. As at the Latest Practicable Date, the registered capital of the Subsidiary is RMB160 million. Set out below are certain unaudited financial results of the Subsidiary as extracted from the audited consolidated financial statements of the Company for the period from 29 July 2011 to 31 December 2011 and the year ended 31 December 2012 and the unaudited consolidated financial statements of the Company for the six months ended 30 June 2013 prepared in accordance with Hong Kong Generally Accepted Accounting Principles (HKGAAP):

	For the year ended 31 December 2012 HK\$'000	From 29 July 2011 to 31 December 2011 HK\$'000
Turnover	55,448	—
Loss before income tax	(88,573)	(21,225)
Loss after income tax	(88,573)	(21,225)

The unaudited book value of the total assets and net assets of the Subsidiary were approximately HK\$1,050,965,000 and HK\$65,375,000 respectively, as at 30 June 2013.

DEEMED DISPOSAL OF THE SUBSIDIARY

Assuming that all of the Grantees exercise the Options in full, the Grantees will, in aggregate, own 20% of the Enlarged Registered Capital of the Subsidiary and the Group's interests in the Subsidiary will be diluted from 100% to 80% but the Subsidiary will continue to be a subsidiary of the Group.

When all of the Grantees exercise the Option in full, the Group will be deemed to dispose of 20% interest in the Subsidiary and the gross proceeds from the deemed disposal will be RMB48,000,000 (approximately HK\$60,960,000) which is intended to be applied as general working capital of the Subsidiary. In addition, the deemed disposal will be accounted for as equity transactions and will not lead to any gain or loss to the Group.

Nevertheless, Shareholders should note that the exact financial effect of the grant and vesting of the Options and the deemed disposal to the Group is subject to the review and approval of the auditors of the Company.

IMPLICATION UNDER THE LISTING RULES

Mr. Shen, being a director and the general manager of the Subsidiary, is a connected person of the Company. Accordingly, the entering into of the Options Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one of the applicable percentage ratios is above 5% but less than 25% and the total consideration to be paid by the Grantees when exercising the Options is above HK\$10,000,000, the transactions contemplated under the Options Agreement constitute (i) a discloseable transaction for the Company which is subject to notification and announcement requirements under Chapter 14 of the Listing Rules and (ii) a connected transaction for the Company which is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPROVAL OF THE BOARD

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, none of the Directors has a material interest in the Options Agreement and was required to abstain from voting at the meeting of the Board approving the Options Agreement and the transactions contemplated thereunder.

SGM

The SGM will be held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 February 2014 at 4:30 p.m. at which an ordinary resolution will be proposed to independent Shareholders to consider, and if thought fit, approve the Options Agreement and the transactions contemplated thereunder. In compliance with the Listing Rules, voting at the SGM will be taken by way of poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders has a material interest in the Options Agreement and the transactions contemplated thereunder and thus is required to abstain from voting at the SGM.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the SGM to the principal place of business of the Company at Room 2515, 25th 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 SGM in person should you so wish.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its recommendation to the independent Shareholders in relation to the Options Agreement and the transactions contemplated thereunder and (ii) the letter from Proton Capital set out on pages 14 to 23 of this circular which contains its advice to the Independent Board Committee and the independent Shareholders in relation to the Options Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by it in formulating its advice.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the recommendation of Proton Capital, considers that the terms of the Options Agreement to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

The Board also recommends the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

FURTHER INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular and the notice of the SGM.

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Li Wenjin
Executive Director



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 818)

28 January 2014

To the independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION —
PROPOSED GRANT OF OPTIONS BY AND DEEMED DISPOSAL OF
A WHOLLY-OWNED SUBSIDIARY**

We refer to the circular dated 28 January 2014 of the Company (“**Circular**”) of which this letter forms part.

Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of Options Agreement and the transactions contemplated thereunder and to advise the independent Shareholders as to whether, in our opinion, the terms of Options Agreement and the transactions contemplated thereunder are fair and reasonable so far as the independent Shareholders are concerned.

Proton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in respect of the terms of Options Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 4 to 11 of the Circular which contains, among others, information on the transactions contemplated under the Options Agreement as well as the letter from Proton Capital set out on pages 14 to 23 of the Circular which contains its advice in respect of the terms of the transactions under the Options Agreement.

Having taken into account the advice of Proton Capital, we are of the view that (i) the terms of the Options Agreement are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned; and (ii) the entering into of the Options Agreement is in the interests of the Company and the Shareholders as a whole.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
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Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Options Agreement and the transactions contemplated thereunder.

Yours faithfully
The Independent Board Committee
Mr. TAM Chun Fai
Mr. XU Sitao
Mr. LEUNG Wai Man, Roger
Independent non-executive Directors

LETTER FROM PROTON CAPITAL

Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders regarding the Options Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.



普頓資本有限公司
PROTON CAPITAL LIMITED

Suite 06–07, 28/F.
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

28 January 2014

*To: The independent board committee and the independent shareholders
of Hi Sun Technology (China) Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION — PROPOSED GRANT OF OPTIONS BY A WHOLLY-OWNED SUBSIDIARY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in relation to the Options Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 28 January 2014 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announced that on 6 January 2014, Chongqing Jiexing, the Subsidiary and the Grantees entered into a conditional Options Agreement pursuant to which Chongqing Jiexing and the Subsidiary conditionally agreed to grant the Options to the Grantees to subscribe for up to 20% of the Enlarged Registered Capital at the Exercise Price of RMB1.2 for every RMB1.0 in the Enlarged Registered Capital within the Exercise Period. According to the Board Letter, the entering into of the Options Agreement and the transactions contemplated thereunder constitute a discloseable and connected transaction for the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements pursuant to Chapters 14 and 14A of the Listing Rules.

An Independent Board Committee comprising Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger, all being the independent non-executive Directors, has been formed to advise the independent Shareholders on (i) whether the terms of the Options Agreement are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned; (ii) whether the entering into of the Options Agreement is in the interests of the Company and the Shareholders as a whole; and (iii) how the independent Shareholders should vote in respect of the relevant resolution to approve the Options Agreement and the

LETTER FROM PROTON CAPITAL

transactions contemplated thereunder at the SGM. We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Chongqing Jiexing, the Subsidiary, the Grantees or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Options Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM PROTON CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Options Agreement, we have taken into consideration the following principal factors and reasons:

(1) Background of and reasons for the grant of the Options

Business overview of the Group and the Subsidiary

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of telecommunication solutions, provision of financial solutions, provision of payment platform operation solutions, provision of payment processing solutions and sales of electronic power meters and solutions.

The Subsidiary is a limited liability company incorporated in the PRC on 29 July 2011 and is owned as to 100% by Chongqing Jiexing which is accounted for as a wholly-owned subsidiary of the Company. The Subsidiary is principally engaged in the provision of payment processing solutions.

Set out below are the unaudited financial information of the Subsidiary for the period from 29 July 2011 (being the date of establishment of the Subsidiary) to 31 December 2011 and the year ended 31 December 2012:

	For the year ended 31 December 2012	From 29 July 2011 to 31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	55,448	—
Loss before income tax	(88,573)	(21,225)
Loss after income tax	(88,573)	(21,225)

As extracted from the Board Letter, based on the unaudited management accounts of the Subsidiary, the unaudited book value of the total assets and net assets of the Subsidiary were approximately HK\$1,050,965,000 and approximately HK\$65,375,000, respectively, as at 30 June 2013.

Upon our further enquiry, we understand that the business of the Subsidiary was at the establishment stage and it suffered from increasing losses in 2012 as compared to the period from 29 July 2011 to 31 December 2011 mainly due to the increasing operating costs. In 2013, the Directors represented that the business of provision of payment processing solutions of the Subsidiary has been gradually building up transaction volume and operation scale. Based on the unaudited management accounts of the Subsidiary, we also noted that the financial performance of the Subsidiary has been improving for the six months ended 30 June 2013, in particular that the annualised turnover has expanded while the annualised loss has reduced as compared to 2012.

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Reasons for and possible benefits of the grant of the Options

With reference to the Board Letter, the Directors consider that the grant of the Options to enable the Grantees to subscribe for the equity interest in the Subsidiary will motivate them to continue to contribute to the success and long term development of the Subsidiary, especially that the Subsidiary is at the development stage with improving financial performance for the six months ended 30 June 2013. It is also beneficial to the Subsidiary and the Group as a whole as the interest of the senior management of the Subsidiary will be aligned with that of the Group by subscribing for an interest in the Subsidiary themselves. In addition, the capital base of the Subsidiary will be enlarged and the Grantees (which are management staff of the Subsidiary) will be more committed to the furtherance of the development of the Subsidiary's business.

For our due diligence purpose, we have requested the Company to provide us with the background and working experience of the Grantees and their employment history with the Subsidiary, and have conducted interviews with each of the Grantees. Based on the CVs, employment contracts and other relevant information provided by the Company and our interviews with the Grantees regarding their educational background, past working experience (especially those which were relevant to their current job duties), and their respective responsibilities in the Subsidiary, we noted that the Grantees (i) were accredited from tertiary institutions in the PRC; (ii) have joined the Subsidiary since 2011; and (iii) are currently in charge of various executive functions of the Subsidiary as detailed in the Board Letter and possess relevant experience for the business and operation of the Subsidiary. As further advised by the Directors, the Grantees have been the key personnel providing support for the establishment and progression of the existing business of the Subsidiary. Hence, the Directors consider that the grant of the Options to the Grantees is in recognition of their contributions to the growth of the Subsidiary in the past and as an incentive for their continuing commitments and contributions to the Subsidiary in the future. Having reviewed the aforesaid documents and after our independent interviews with the Grantees, we concur with the Directors that the Grantees are the key personnel for the operation of the Subsidiary and thus the grant of the Options to the Grantees is justifiable.

We have also discussed with the Directors regarding the benefits of the grant of the Options as an incentive scheme. According to the Directors, they have considered several methods of providing incentives to the Grantees, including lump sum cash bonuses, remuneration increment, profit sharing schemes as well as the grant of the Options. After careful consideration of the various alternatives, the Directors consider the grant of the Options to be the most appropriate given that, as opposed to the other alternatives, the grant of the Options will enable the Company to prevent cash outflow (except for the relevant expenses which are relatively insignificant) of the Group while allowing added incentives to the Grantees to make contribution to the Group. In this regard, we have requested the Company to provide us with the estimated expenses summary in relation to the grant of the Options. In addition, since as being detailed under the sub-sections headed "The exercise and transfer of

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the Options” and “Covenants” of this letter respectively, that the exercise of the Options is restricted by the continuity of employment of the Grantees with the Subsidiary and the Grantees are forbidden to transfer the Option Interests within two years of the exercise of the Options, the Directors are of the view that the grant of the Options can help to retain the Grantees and further align the interests of the Grantees with the Subsidiary in the medium to long run.

In view of the foregoing reasons for and possible benefits of the grant of the Options, we are of the opinion that the entering into of the Options Agreement is in the interests of the Company and the Shareholders as a whole.

(2) Terms of the Options Agreement

On 6 January 2014, Chongqing Jiexing, the Subsidiary and the Grantees entered into a conditional Options Agreement pursuant to which Chongqing Jiexing and the Subsidiary conditionally agreed to grant the Options to the Grantees to subscribe for up to 20% of the Enlarged Registered Capital at the Exercise Price of RMB1.2 for every RMB1.0 in the Enlarged Registered Capital within the Exercise Period. Major terms of the Options Agreement are highlighted as follows:

The Grantees and their prescribed percentage of grant

The Grantees include Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge. Pursuant to the Options Agreement, the Grantees may subscribe for the Enlarged Registered Capital in the following manner:

	Aggregate Exercise Price RMB	Amount of Enlarged Registered Capital RMB	Percentage of the Enlarged Registered Capital %
Mr. Shen	24,000,000	20,000,000	10.0
Mr. Li	11,520,000	9,600,000	4.8
Mr. Xue	7,680,000	6,400,000	3.2
Ms. Ge	<u>4,800,000</u>	<u>4,000,000</u>	<u>2.0</u>
Total	<u><u>48,000,000</u></u>	<u><u>40,000,000</u></u>	<u><u>20.0</u></u>

The Exercise Price

As confirmed by the Directors, the Exercise Price was arrived at after arm’s length negotiations among Chongqing Jiexing, the Subsidiary, and the Grantees with reference to the existing paid-up registered capital of the Subsidiary with a 20% premium. As referred to in the Board Letter, as the Subsidiary is still at the development stage and was loss making for the period from 29 July 2011 to 31 December 2011 and the year ended 31 December 2012, the Group considers that it is not appropriate to determine the Exercise Price by merely making reference to the

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net asset value of the Subsidiary. Instead, the Group considers that setting the Exercise Price at a premium over the registered capital of the Subsidiary is in the interest of the Group because it can be treated as a target for improvement of the value of the Subsidiary. The amount of premium was arrived at after negotiations among the Group and the Grantees, having considered the unaudited net asset value of the Subsidiary of approximately HK\$65,375,000 as at 30 June 2013, the historical financial performance of the Subsidiary and the business potentials of the Subsidiary, in particular, its increasing transaction volume and operation scale.

On the basis that the Subsidiary is at the development stage and has been loss making since its establishment, we concur with the Directors that it is inappropriate to determine the Exercise Price by merely making reference to the net asset value of the Subsidiary. Furthermore, as mentioned previously, after reviewing the unaudited management accounts of the Subsidiary and conducting the necessary due diligence work on the background and working experience of the Grantees and their employment history with the Subsidiary, we noted that the financial performance of the Subsidiary has already been improving for the six months ended 30 June 2013 and the Grantees are the key personnel for the operation of the Subsidiary. Having the above being the case, we concur with the Directors that setting the Exercise Price at a premium over the registered capital of the Subsidiary can be treated as a target for improvement of the value of the Subsidiary.

Analysis on the Exercise Price

Common methods to assess the pricing of a company include the price multiples analysis. In order to assess the fairness and reasonableness of the Exercise Price of RMB1.2, we have also tried to perform the price multiples analysis which comprises only the price to book ratio (“**PBR**”) since the Subsidiary had been loss making during its latest financial year of which the financial information is available. In this relation, we have searched for companies listed in both the PRC and Hong Kong which are engaged in similar lines of business as the Subsidiary, being the provision of payment related services, and derive a majority of their turnover from such business for comparison (the “**Comparables**”). After our independent research, we could not find any listed companies in the PRC which are able to meet the said selection criteria. For this reason, we have further enquired into the Directors and were reconfirmed that the Subsidiary’s major competitors in the PRC are private companies. As for the Hong Kong listed companies, to the best of our knowledge and endeavor, we found three Hong Kong listed companies which meet the said selection criteria and they are exhaustive as far as we are aware of. Nonetheless, it should be noted that the operations and prospects of the Subsidiary are not exactly the same as the Comparables, and we have not conducted any in-depth investigation into the businesses and operations of the Comparables.

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Set out below are the PBRs of the Comparables based on their closing share prices as at 6 January 2014, being the date of the Options Agreement, and their latest published financial information:

Company name (stock code)	Principal business	PBR (times)
Universal Technologies Holdings Limited (1026)	Provision of payment solutions and related services, technical platform services, financial advisory services; timber trading and furniture manufacturing; and investment holding.	1.70
econtext Asia Limited (1390)	Provision of online payment services and e-commerce solutions.	2.34
Jian ePayment Systems Limited (8165)	Development and operation of back end electronic receipt/payment and data recording and processing software system; and manufacturing and distribution of the associated commercial applications in the PRC.	10.82
	Maximum	10.82
	Minimum	1.70
	Average	4.95
	Median	2.34
The Subsidiary and the Exercise Price		3.73 (Note)

Source: the Stock Exchange's website (www.hkex.com.hk)

Note: The implied PBR of the Subsidiary was calculated based on (a) the Exercise Price and (b) the unaudited net asset value of the Subsidiary as at 30 June 2013 divided by the registered capital of the Subsidiary.

We noticed from the above table that the PBRs of the Comparables ranged from approximately 1.70 times to approximately 10.82 times, with a median of approximately 2.34 times and an average of approximately 4.95 times. Given that the implied PBR of the Subsidiary is approximately 3.73 times, the implied PBR of the Subsidiary is within the PBR range of the Comparables and is higher than the median PBR but lower than the average PBR of the Comparables.

Although the operations and prospects of the Subsidiary are not exactly the same as the Comparables, we consider that the Comparables are fair and representative reference to illustrate the general PBRs of Hong Kong listed companies which are engaged in the provision of payment related services business.

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Taking into account (i) that the Exercise Price was set with reference to the existing paid-up registered capital of the Subsidiary with a 20% premium which we consider to be acceptable having also considered and balanced with the other favourable terms of the Options Agreement; (ii) the reasons for and possible benefits of the grant of the Options as elaborated under the sub-section headed “Reasons for and possible benefits of the grant of the Options” of this letter; and (iii) the implied PBR of the Subsidiary is within the PBR range of the Comparables which reflects the general range of PBRs of Hong Kong listed companies which are engaged in the provision of payment related services business, we are of the opinion that the Exercise Price is fair and reasonable so far as the independent Shareholders are concerned.

The exercise and transfer of the Options

The exercise of the Options shall be conditional upon and subject to the fulfilment and satisfaction of the Exercise Condition that each of the Grantees shall have been under full time employment of the Subsidiary for at least two years on the Exercise Date and the remaining terms of employment under each of their respective employment contracts with the Subsidiary shall not be less than 36 months from the Exercise Date.

Moreover, the Options are personal to the Grantees and are not transferable both before and during the Exercise Period.

The Directors are of the view that the imposition of the aforesaid condition precedent to the exercise and transfer of the Options can help to retain the Grantees and further align the interests of the Grantees with the Subsidiary in the medium to long run and we concur with the Directors in this respect.

Covenants

Each of the Grantees covenants not to transfer any of their respective Option Interests within two years of the exercise of the Options, and thereafter, Chongqing Jiexing shall have the pre-emptive rights for any such sale or transfer of the Option Interests (“**Covenant I**”).

When a third party purchaser offers to purchase the entire equity interests in the Subsidiary and Chongqing Jiexing agrees to sell its entire interests in the Subsidiary to such purchaser, the Grantees shall agree to sell their entire interests in the Subsidiary to such third party purchaser at the same price at which Chongqing Jiexing sells its entire interests in the Subsidiary (“**Covenant II**”).

When the purchase offer of a third party purchaser relates only to part of the equity interests in the Subsidiary, Chongqing Jiexing may choose to sell its interests in the Subsidiary alone or request the Grantees to sell their interests in the Subsidiary to such third party purchaser together with it in proportion to their respective holding in the Subsidiary at the same price at which Chongqing Jiexing sells its equity interests in the Subsidiary (“**Covenant III**”).

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Chongqing Jiexing and the Subsidiary covenant that, where there shall be any increase in the registered capital of the Subsidiary in the future, each of the Grantees shall have the rights to contribute to the increased registered capital of the Subsidiary to the extent that their respective interests in the Subsidiary remains the same before and after such increase (“**Covenant IV**”).

We are of the view that Covenant I is beneficial to the Group since it would not merely align the interests of the Grantees with the Subsidiary in the medium to long run, but also provide Chongqing Jiexing with the pre-emptive rights for purchase of the Option Interests and obtain full control of the Subsidiary in the event that the Grantees decide to sell or transfer the Option Interests.

We are also of the view that Covenant II and Covenant III are favourable to the Group as they would ensure that the Grantees shall follow the same action as Chongqing Jiexing in the event that Chongqing Jiexing wishes to sell its interests in the Subsidiary.

As for Covenant IV, we consider that it is on normal commercial term.

In light of the aforementioned terms and conditions of the Options Agreement, we are of the view that the terms of the Options Agreement are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned.

(3) Possible financial effects of the grant of the Options

As advised by the Directors, when all of the Grantees exercise the Options in full, the Group will be deemed to dispose of 20% equity interest in the Subsidiary and the gross proceeds from the deemed disposal will be RMB48,000,000 (equivalent to approximately HK\$60,960,000) which are intended to be applied as general working capital of the Subsidiary. In addition, the Directors confirmed that the deemed disposal will be accounted for as equity transactions and will not lead to any gain or loss to the Group.

Nevertheless, Shareholders should note that the exact financial effect of the grant and vesting of the Options together with the deemed disposal to the Group is subject to the review and approval of the auditors of the Company.

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RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the terms of the Options Agreement are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned; and (ii) the entering into of the Options Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Options Agreement and the transactions contemplated thereunder and we recommend the independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Proton Capital Limited
Graham Lam
Managing Director — Corporate Finance

1. RESPONSIBILITY STATEMENT

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

2. PRINCIPAL ACTIVITIES OF THE GROUP

The Company is principally engaged in investment holding. The Group is principally engaged in the provision of telecommunication solutions, provision of financial solutions, provision of payment platform operation solutions, provision of payment processing solutions and sales of electronic power meters and solutions.

3. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the following Directors had or was deemed to have interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were 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 he was taken or deemed to have under such provisions of SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange:

Name of Director	Number of Shares held as		Total	Approximate percentage of shareholding in the Company (Note 1)
	Beneficial owner	Interest in controlled corporation		
Kui Man Chun (Note 3)	28,650,000	617,083,636 (Note 2)	645,733,636	23.25%
Xu Wensheng (Note 3)	4,566,000	—	4,566,000	0.16%
Li Wenjin (Note 3)	6,400,000	—	6,400,000	0.23%
Xu Changjun	16,563,000	—	16,563,000	0.60%
Xu Sitao	700,000	—	700,000	0.03%

Notes:

- (1) The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date i.e. 2,776,833,835 Shares.
- (2) These shares are held by Kui Man Chun through Hi Sun Limited, a company which Kui Man Chun holds a 99.16% interest, and Rich Global Limited, a wholly-owned subsidiary of Hi Sun Limited.
- (3) Mr. Kui Man Chun and Mr. Li Wenjin are directors of Rich Global Limited and Mr. Kui Man Chun, Mr. Li Wenjin and Mr. Xu Wensheng are directors of Hi Sun Limited. Both Hi Sun Limited and Rich Global Limited 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were 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 he was taken or deemed to have under such provisions of SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

4. DIRECTORS' SERVICE CONTRACTS

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 within one year without payment of compensation, other than statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules, if the Directors were controlling Shareholders.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL ADVERSE CHANGE

Save as disclosed in the interim report of the Company for the six months ended 30 June 2013, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letter or advice contained in this circular:

Name	Qualification
Proton Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Proton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, Proton Capital was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the office of the principal place of business of the Company at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the Options Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Proton Capital, the text of which is set out in this circular;
- (d) the written consent referred to in the section headed “Expert and Consent” in this appendix; and
- (e) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00 to HK\$1.2700. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.



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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“**Meeting**”) of Hi Sun Technology (China) Limited (“**Company**”) will be held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 February 2014 at 4:30 p.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the Options Agreement (as defined in the circular of the Company dated 28 January 2014) (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Options Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver of matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Options Agreements) as are, in the opinion of such director, in the interests of the Company and the shareholders of the Company as a whole.”

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Li Wenjin
Executive Director

Hong Kong, 28 January 2014

* *For identification purpose only*

NOTICE OF SGM

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*
Room 2515, 25th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if the member so desires.
- (4) To be valid, a form of proxy must be duly completed and signed in accordance with the instructions printed thereon and lodged, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the principal place of the business of the Company at Room 2515, 25th 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 adjourned meeting (as the case may be).
- (5) Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
- (6) All votings on the resolutions in this notice by the members at the meeting shall be conducted by poll.

As at the date of this notice, 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; one non-executive Director, namely Mr. Chang Kai-Tzung, Richard and three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger.