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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)

ISSUE OF NEW SHARES PURSUANT TO GENERAL MANDATE

On 21 March 2006, the Company entered into the Subscription Agreement with the Subscriber in relation to the Subscription by the Subscriber at a price of HK\$1.46 per Subscription Share of an aggregate of 66,000,000 new Shares.

The Subscription Shares represent approximately 19.73% of the existing issued share capital of the Company and approximately 16.48% of the share capital as enlarged by the issue of the Subscription Shares.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and with reference to the prevailing market prices of the Shares. The Subscription Price represents (i) a discount of approximately 19.78% to the closing price of HK\$1.82 per Share as quoted on the Stock Exchange on 20 March 2006, being the last trading day of the Shares immediately preceding the date of this announcement; (ii) a discount of approximately 19.25% to the average closing price of approximately HK\$1.808 per Share for the last 5 trading days ended 20 March 2006 and (iii) a discount of approximately 8.98% to the average closing price of approximately HK\$1.604 per Share for the last 20 trading days ended 20 March 2006.

The net proceeds from the Subscription of approximately HK\$96 million will be utilised for future investments or developments in outsourcing services, research and development of electronic payment products and general working capital of the Group. The net price per Subscription Share (based on the amount of net proceeds from the Subscription) is approximately HK\$1.45 per Subscription Share.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 21 March 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its Shares with effect from 9:30 a.m. on 22 March 2006.

On 21 March 2006, the Company entered into the Subscription Agreement with the Subscriber in respect of the Subscription Shares.

THE SUBSCRIPTION AGREEMENT DATED 21 MARCH 2006

Parties

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) Huge Rising Limited as the Subscriber.

The Subscriber is an investment holding company and the ultimate beneficial owner of which is Mr. Che Fung. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and Mr. Che Fung are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. Based on the Directors' knowledge, Mr. Che Fung has extensive experience in the financial and telecommunications industry.

* For identification purpose only

The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe an aggregate of 66,000,000 new Shares, which represents:

- approximately 19.73% of the existing issued share capital of the Company;
- approximately 16.48% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares will be issued pursuant to the General Mandate. The Subscription Shares, when fully paid, will rank pari passu in all respects with all the Shares in issue on the date of completion of the Subscription.

Subscription Price

The Subscription Price is HK\$1.46 per Subscription Share and is to be paid in cash on completion of the Subscription Agreement. The Subscription Price was agreed after arm's length negotiations between the Company and the Subscriber and represents:

- a discount of approximately 19.78% to the closing price of HK\$1.82 per Share as quoted on the Stock Exchange on 20 March 2006, being the last trading day of the Shares immediately preceding the date of this announcement;
- a discount of approximately 19.25% to the average closing price of approximately HK\$1.808 per Share as quoted on the Stock Exchange for the last 5 trading days ended 20 March 2006; and
- a discount of approximately 8.98% to the average closing price of approximately HK\$1.604 per Share for the last 20 trading days ended 20 March 2006.

The net price per Subscription Share (based on the amount of net proceeds from the Subscription) is approximately HK\$1.45 per Subscription Share.

The Directors consider that the Subscription Price, which was negotiated on an arm's length basis between the Company and the Subscriber with reference to the prevailing market prices of the Shares, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Subscription Agreement

Completion of the Subscription Agreement is condition upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares and such approval not subsequently being revoked prior to the delivery of the share certificate for the Subscription Shares and (ii) the Shares remaining listed and trading on the Stock Exchange prior to and on the date of Completion, save for any suspension not exceeding 10 consecutive trading days or any temporary suspension in connection with the clearance of this announcement.

The Company will apply to the Listing Committee for the approval for the listing of and permission to deal in the Subscription Shares. If the conditions are not fulfilled on or prior to 4 April 2006 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement will terminate.

Completion of the Subscription Agreement

Completion of the Subscription is expected to take place on the second Business Day following the obtaining of the listing approval in respect of the Subscription Shares or such later date as the Company and the Subscriber may agree.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company has considered other forms of fund raising exercises and in view of the current market conditions, the Directors consider the Subscription to be an opportunity for the Group to raise funds for the expansion and development of its business without incurring any future financial costs. In addition, the Directors also believed that the expertise of Mr. Che Fung in the financial and telecommunications industry will enhance the Group's business.

The net proceeds from the Subscription will amount to approximately HK\$96 million and will be used for: (i) as to approximately HK\$20 million for the initial investment outsourcing services provider for financial institutions in Mainland China; (ii) as to approximately HK\$10 million for the expansion of research and development of electronic payment products and services; (iii) as to approximately HK\$15 million for the sales and marketing of electronic payment products in the European and American markets; (iv) as to approximately HK\$51 million for future investments or developments in outsourcing projects when opportunities arise and for general working capital purposes.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Apart from the issue by Turbo Speed of 6,837,608 convertible preference shares of US\$0.10 each in the share capital of Turbo Speed at a total subscription price of US\$4 million (approximately HK\$31.2 million) as disclosed in an announcement of the Company dated 11 November 2004 and a circular of the Company dated 3 December 2004, the Company had not conducted any other fund raising activities involving issue of its securities in the past 12 months preceding the date of this announcement.

Amongst the funds (net of expenses) raised from the issue of the convertible preference shares of approximately HK\$31.2 million, (i) HK\$15.6 million was used as general working capital of Beijing Hi-Sunsray and (ii) the balance of approximately HK\$15.6 million are deposited in an account held by the Group pending to be used as intended, details of which are set out in the circular of the Company dated 3 December 2004.

CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The share capital and shareholding structure of the Company as at the date of this announcement and immediately after completion of the Subscription are as follows:

		As at the date of this announcement	approximate	Immediately after the Subscription	approximate
	<i>Note</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Rich Global Limited	1	189,270,909	56.57	189,270,909	47.25
Liu Yangsheng, Charles Subscriber	2	512,000	0.15	512,000	0.13
Public		–	–	66,000,000	16.48
		144,771,121	43.28	144,771,121	36.14
Total:		334,554,030	100.00	400,554,030	100.00

Note:

1. These shares are held by Mr. Kui Man Chun (“Mr. Kui”) through Hi Sun Limited, a company which Mr. Kui holds 99.16% interest, and Rich Global Limited being a wholly-owned subsidiary of Hi Sun Limited.
2. Mr. Liu Yangsheng, Charles is a non-executive Director of the Company.

BUSINESS OF THE GROUP

The Company and its subsidiaries are principally engaged in the trading of information technology products and provision of customised information system consultancy and integration services, and information technology value-added services.

GENERAL

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 21 March 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its Shares with effect from 9:30 a.m. on 22 March 2006.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Hi-Sunsray”	北京高陽聖思園信息技術有限公司 (Beijing Hi-Sunsray Information Technology Limited), a wholly foreign owned enterprise incorporated in the PRC with limited liability and wholly owned subsidiary of Turbo Speed
“Board”	the board of Directors of the Company
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“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
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company up to 20% of the issued share capital of the Company pursuant to the ordinary resolution of the Shareholders passed in the 2005 annual general meeting of the Company held on 23 May 2005

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Huge Rising Limited, a company incorporated in the British Virgin Islands
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 21 March 2006 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the price of HK\$1.46 per Subscription Share
“Subscription Shares”	66,000,000 new Shares to be issued by the Company pursuant to the Subscription
“Turbo Speed”	Turbo Speed Technology Limited, a company incorporated in the British Virgin Islands and a 84% owned subsidiary of the Company

As at the date of this announcement, the Board consists of eight executive Directors, namely Cheung Yuk Fung, Kui Man Chun, Lo Siu Yu, Xu Wensheng, Li Wenjin, Chan Yiu Kwong, Xu Chang Jun and Zhou Jian; one non-executive Director, namely Liu Yangsheng, Charles; and three independent non-executive Directors, namely Tam Chun Fai, Xu Sitao and Leung Wai Man, Roger.

By order of the Board
Li Wenjin
Executive Director

Hong Kong, 21 March 2006

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*