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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 27 September 2006, the Company entered into six Subscription Agreements in respect of the Subscription by the Subscribers of an aggregate of 100,000,000 new Shares at a price of HK\$1.50 per Subscription Share.

The Subscription Shares represent approximately 6.06% of the existing issued share capital of the Company and approximately 5.71% 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 Subscribers and with reference to the prevailing market prices of the Shares. The Subscription Price represents (i) a premium of approximately 5.63% to the closing price of HK\$1.42 per Share as quoted on the Stock Exchange on 27 September 2006, being the last trading day of the Shares immediately preceding the date of this announcement; (ii) a premium of approximately 4.6% to the average closing price of approximately HK\$1.434 per Share for the last 5 trading days ended 27 September 2006 and (iii) a premium of approximately 16.91% to the average closing price of approximately HK\$1.283 per Share for the last 20 trading days ended 27 September 2006.

The net proceeds from the Subscription of approximately HK\$149 million will be utilised for expansion of the ATM operation services business and for 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\$1.49 per Subscription Share.

On 27 September 2006, the Company entered into six Subscription Agreements in respect of the Subscription by the Subscribers of an aggregate of 100,000,000 Subscription Shares. Save for the party and the number of Subscription Shares, the principal commercial terms of each Subscription Agreement are substantially the same.

THE SUBSCRIPTION AGREEMENTS DATED 21 SEPTEMBER 2006

Parties to the Subscription Agreements and number of Subscription Shares

Issuer:	the Company
Subscribers in the respective Subscription Agreement:	(i) Subscriber 1 for 20,000,000 Subscription Shares
	(ii) Subscriber 2 for 10,000,000 Subscription Shares
	(iii) Subscriber 3 for 10,000,000 Subscription Shares
	(iv) Subscriber 4 (comprising 3 investment funds) for an aggregate of 30,000,000 Subscription Shares, namely
	• OZ Master Fund, Ltd. has agreed to subscribe for 12,216,000 Subscription Shares
	• OZ Asia Master Fund, Ltd. has agreed to subscribe for 12,654,000 Subscription Shares
	• OZ Global Special Investments Master Fund, L.P. has agreed to subscribe for 5,130,000 Subscription Shares

* For identification purpose only

- (v) Subscriber 5 for 10,000,000 Subscription Shares
- (vi) Subscriber 6 for 20,000,000 Subscription Shares

Subscriber 1 is the Chairman of Kerry Group Limited. Subscriber 2 and Subscriber 3 are charitable foundations of which Subscriber 1 is the Chairman. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Subscriber 1, Subscriber 2 and Subscriber 3 are not connected persons (as defined in the Listing Rules) of the Company.

Subscriber 4 (comprising of OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., and OZ Global Special Investments Master Fund, L.P.) are registered in the Cayman Islands (collectively, the "OZ Funds"). The investment manager of each of the OZ Funds is OZ Management, L.L.C., a global institutional asset management firm with over US\$19 billion of assets under management. One of its investment objectives is to seek capital appreciation principally by means of investment in early and mid-stage, high-growth private PRC companies. It is three of the Convertible Preference Shares Subscribers under the Preference Shares Subscription Agreement. Completion pursuant to the Preference Shares Subscription Agreement has not yet taken place and details of the Preference Shares Subscription Agreement are set out in the announcement and circular of the Company dated 25 August 2006 and 8 September 2006 respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Subscriber 4 are not connected persons (as defined in the Listing Rules) of the Company.

Subscriber 5 is an investment company incorporated in the Cayman Islands whose mandate is to invest in companies with an Asia theme and the ultimate beneficial owners of which are a number of internationally based individual and institutional investors. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Subscriber 5 and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

Subscriber 6 is an investment company investing in securities and funds. It was incorporated in the British Virgin Islands and its the ultimate beneficial owner is Luan Fu Xing. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Subscriber 6 and Luan Fu Xing are not connected persons (as defined in the Listing Rules) of the Company.

The Subscription Shares

Pursuant to the Subscription Agreements, the Subscribers agreed to subscribe an aggregate of 100,000,000 new Shares, which represents:

- approximately 6.06% of the existing issued share capital of the Company;
- approximately 5.71% 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. As at the date of this announcement, no Share has been allotted, issued and dealt with 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\$1.50 per Subscription Share and is to be paid in cash on completion of the Subscription Agreements. The Subscription Price was agreed after arm's length negotiations between the Company and the Subscribers and represents:

- a premium of approximately 5.63% to the closing price of HK\$1.42 per Share as quoted on the Stock Exchange on 27 September 2006, being the last trading day of the Shares immediately preceding the date of this announcement;
- a premium of approximately 4.6% to the average closing price of approximately HK\$1.434 per Share as quoted on the Stock Exchange for the last 5 trading days ended 27 September 2006; and
- a premium of approximately 16.91% to the average closing price of approximately HK\$1.283 per Share for the last 20 trading days ended 27 September 2006.

The net price per Subscription Share (based on the amount of net proceeds from the Subscription) is approximately HK\$1.49 per Subscription Share.

The Directors consider that the Subscription Price, which was negotiated on an arm's length basis between the Company and the Subscribers 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 Agreements

Completion of the Subscription Agreements is conditional upon the following conditions being fulfilled or waived:

- (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;
- (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 5 consecutive trading days or any temporary suspension in connection with the clearance of this announcement;
- (iii) the consent from the Convertible Preference Shares Subscribers under the Preference Shares Subscription Agreement, details of which are set out in the circular of the Company dated 8 September 2006, for the issue of the Subscription Shares having been obtained;
- (iv) since the signing of the Subscription Agreements, there having been no adverse change in the business, assets, financial or trading position or prospects of the Group which is material in the context of the Group taken as a whole; and
- (v) the representations and warranties of the Company in the Subscription Agreements being accurate and correct on the date of the Subscription Agreements and on the date of the completion.

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 or waived on or prior to 20 October 2006 (or such later date as may be agreed between the Company and the Subscribers), the Subscription Agreements will terminate.

Undertakings on dealings

Each of the Subscribers has undertaken in favour of the Company that it will not directly or indirectly transfer or otherwise dispose of (including without limitation pledge, mortgage, charge, create any other security interest, lend, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, either conditionally or unconditionally, or directly or indirectly or otherwise) 75% of the Subscription Shares subscribed by it pursuant to the respective Subscription Agreement, or interests therein, or agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect, within six (6) months from Completion, without first having obtained the prior written consent of the Company.

Completion of the Subscription Agreements

Completion of the Subscription is expected to take place on the second Business Day following the day on which the conditions of the Subscription Agreements set out above have been satisfied or waived or such later date as the Company and the Subscribers may agree.

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.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

In view of the current market conditions, the Directors considered the Subscription to be an opportunity for the Group to raise funds for the expansion and development of its business.

The net proceeds from the Subscription will amount to approximately HK\$149 million. HK\$80 million of which will be used for expansion of the ATM operation services business and HK\$69 million of which will be for general working capital purposes.

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

Apart from the events set out in the following table, 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:

Date of completion	Event	Net proceeds	Stated intended use of proceeds	Actual use of proceeds
31 March 2006	Issue of 66,000,000 Old Shares (equivalent to 264,000,000 Shares)	approximately HK\$96 million	<ul style="list-style-type: none"> – approximately HK\$20 million for the initial investment outsourcing services provider for financial institutions in Mainland China – approximately HK\$10 million for the expansion of research and development of electronic payment products and services – approximately HK\$15 million for the sales and marketing of electronic payment products in the European and American markets – approximately HK\$51 million for future investments or developments in outsourcing projects when opportunities arise and for general working capital purposes 	Same as those stated in the column to the left
Not yet completed	Issue by Emerging Technology of 760,778 convertible preference shares of US\$1.00 each in the share capital of Emerging Technology	approximately HK\$140 million	<ul style="list-style-type: none"> – approximately US\$5 million (equivalent to about HK\$39 million) for expansion of the ATM operation services – approximately US\$3 million (equivalent to about HK\$23 million) for setting up electronic funds' transfer point-of-sales operation services business – approximately US\$2 million (equivalent to about HK\$16 million) for developing and expanding banking solution services business – the balance for general working capital 	Not applicable

CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full conversion of the convertible preference shares issued by Turbo Speed in April 2005 (the "TS Convertible Preference Shares") into new Shares, details of which were included in the announcement of the Company dated 11 November 2004; (iii) immediately after the full conversion of the convertible preference shares to be issued by Emerging Technology into new Shares (the "HS Conversion"), details of which were included in the announcement and

circular of the Company dated 25 August 2006 and 8 September 2006 respectively; (iv) immediately after completion of the Subscription; and (v) immediately after the full conversion of the TS Convertible Preference Shares and the HS Conversion and completion of the Subscription, assuming there is no other changes to the share capital of or holding in the Company are as follows:

	As at the date of this announcement		Immediately after full conversion of the TS Convertible Preference Shares		Immediately after the conversion of ET Convertible Preference Shares into the Shares		Immediately after completion of the Subscription		Immediately after full conversion of the TS Convertible Preference Shares and ET Convertible Preference Shares and completion of the Subscription	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Rich Global Limited (<i>Note 1</i>)	757,083,636	45.88	757,083,636	43.16	757,083,636	42.56	757,083,636	43.26	757,083,636	38.18
Huge Rising Limited	264,000,000	16.00	264,000,000	15.05	264,000,000	14.84	264,000,000	15.08	264,000,000	13.31
Pacific Pilot Limited	120,000,000	7.27	120,000,000	6.84	120,000,000	6.74	120,000,000	6.86	120,000,000	6.05
Holders of TS Convertible Preference Shares (<i>Note 2</i>)	0	0.00	104,000,000	5.93	0	0	0	0.00	104,000,000	5.25
Holders of ET Convertible Preference Shares (other than Subscriber 4)	0	0.00	0	0.00	64,356,617	3.62	0	0.00	64,356,617	3.25
Subscriber 1	2,199,000	0.13	2,199,000	0.13	2,199,000	0.12	22,199,000	1.27	22,199,000	1.12
Subscriber 2	0	0.00	0	0.00	0	0.00	10,000,000	0.57	10,000,000	0.50
Subscriber 3	0	0.00	0	0.00	0	0.00	10,000,000	0.57	10,000,000	0.50
Subscriber 4 being (sub-total)	0	0.00	0	0.00	64,356,618	3.62	30,000,000	1.71	94,356,618	4.76
(i) OZ Master Fund	0	0.00	0	0.00	(i)	(i)	(i)	(i)	(i)	(i)
					26,206,015	1.47	12,216,000	0.70	38,422,015	1.94
(ii) OZ Asia Master Fund, Ltd.	0	0.00	0	0.00	(ii)	(ii)	(ii)	(ii)	(ii)	(ii)
					27,145,621	1.53	12,654,000	0.72	39,799,621	2.01
(iii) OZ Global Special Investments Master Fund L.P.	0	0.00	0	0.00	(iii)	(iii)	(iii)	(iii)	(iii)	(iii)
					11,004,982	0.62	5,130,000	0.29	16,134,982	0.81
Subscriber 5	0	0.00	0	0.00	0	0.00	10,000,000	0.57	10,000,000	0.50
Subscriber 6	0	0.00	0	0.00	0	0.00	20,000,000	1.14	20,000,000	1.01
Public	506,933,484	30.72	506,933,484	28.89	506,933,484	28.5	506,933,484	28.97	506,933,484	25.57
Total:	1,650,216,120	100.00	1,754,216,120	100.00	1,778,929,355	100.00	1,750,216,120	100.00	1,982,929,355	100.00

Notes:

- 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.
- Pursuant to the terms of the TS Convertible Preference Shares, the holders of the TS Convertible Preference Shares have the right to convert the principal amount of the TS Convertible Preference Shares of up to US\$4 million (equivalent to approximately HK\$31.1 million) for a period of 24 months from 29 April 2005 into new Shares at a conversion price of HK\$0.3 per Share (adjusted for the share sub-division of the Company on 29 June 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
“Board”	the board of Directors
“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
“Convertible Preference Shares Subscribers”	HTSS ET Capital Limited, a company incorporated in Samoa with limited liability; and Subscriber 4
“Directors”	the directors of the Company

“Emerging Technology” or “ET”	Emerging Technology Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary 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 2006 annual general meeting of the Company held on 23 May 2006
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Old Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company which was subdivided into the Shares pursuant to the Special General Meeting on 28 June 2006
“Preference Shares Subscription Agreement”	the subscription agreement dated 21 August 2006 between the Company, Emerging Technology and the Convertible Preference Shares Subscribers relating to the subscription of 760,778 new convertible preference shares of US\$1.00 each in the share capital of Emerging Technology
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Subscriber 1, Subscriber 2, Subscriber 3, Subscriber 4, Subscriber 5 and Subscriber 6
“Subscriber 1”	Mr. Kuok Hock Nien
“Subscriber 2”	Joyce M. Kuok Foundation, a company incorporated in Hong Kong
“Subscriber 3”	Zheng Ge Ru Foundation, a company incorporated in Hong Kong
“Subscriber 4”	collectively (1) OZ Master Fund, Ltd, a company incorporated in Cayman Islands; (2) OZ Asia Master Fund, Ltd, a company incorporated in Cayman Islands; and (3) OZ Global Special Investments Master Fund, L.P, a limited partnership registered in Cayman Islands
“Subscriber 5”	Tree Line Asia Master Fund, a company incorporated in the Cayman Islands
“Subscriber 6”	Joyful Business Limited, a company incorporated in the British Virgin Islands
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements

“Subscription Agreements”	the six conditional subscription agreements dated 27 September 2006 and entered into by the Company with each of Subscriber 1, Subscriber 2, Subscriber 3, Subscriber 4, Subscriber 5 and Subscriber 6 in relation to the Subscription of 20,000,000, 10,000,000, 10,000,000, 30,000,000, 10,000,000 and 20,000,000 Subscription Shares respectively
“Subscription Price”	the price of HK\$1.50 per Subscription Share
“Subscription Shares”	new Shares to be issued by the Company pursuant to the Subscription Agreements
“Turbo Speed” or “TS”	Turbo Speed Technology Limited, a company incorporated in the British Virgin Islands and a wholly 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; 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, 27 September 2006

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