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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)

MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY RESUMPTION OF TRADING

Financial adviser to the Company



CIMB-GK Securities (HK) Limited

THE DISPOSAL

On 6 November 2006, the Company entered into the Agreement with the Purchaser who, together with its ultimate beneficial shareholder, are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company, for the disposal of the Sale Shares for a consideration of HK\$200 million, which is to be satisfied by cash.

The Sale Shares represents the entire issued share capital of PAX, an indirect wholly-owned subsidiary of the Company. PAX is principally engaged in investment holding and the sales of electronic fund transfer point-of-sale terminals and services.

GENERAL

Pursuant to Rule 14.06(3) of the Listing Rules, the Disposal constitutes a major transaction for the Company and is therefore subject to the approval of the Shareholders.

A circular containing, among other things, further details of the Agreement will be sent to the Shareholders as soon as practicable, together with a notice convening the SGM at which an ordinary resolution will be proposed for the approval of the Disposal and all transactions contemplated under the Agreement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 7 November 2006 pending the release of this announcement. Applications have been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 November 2006.

THE AGREEMENT

Date: 6 November 2006

Parties:

(1)	Vendor	:	The Company
(2)	Purchaser	:	Keen Ambition Enterprise Limited, the entire issued share capital of which is owned by the Guarantor
(3)	Guarantor	:	Mr. Mo Ying San, as guarantor of the obligations of the Purchaser under the Agreement

To the Directors' best knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial shareholder are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

* For identification purposes only

Assets to be disposed of

Sale Shares

35,000,000 ordinary shares of HK\$1.00 in the share capital of PAX, representing the entire issued share capital of PAX which is indirectly wholly owned by the Company.

Consideration

The aggregate consideration of HK\$200,000,000 for the Disposal will be settled in cash by the Purchaser in the following manner:

- (i) a deposit of HK\$5,000,000 payable upon signing of the Agreement; and
- (ii) the remaining balance upon Completion.

The aggregate consideration of HK\$200,000,000 for the Disposal was determined after arm's length negotiations between the Parties with reference to the historical profit of PAX.

Conditions to Completion

Completion of the Disposal is conditional upon the fulfillment of the following conditions:

- (i) completion of a financial, business and legal due diligence review by the Purchaser to its reasonable satisfaction;
- (ii) approval of the Agreement and the transactions contemplated thereunder by the Shareholders in a general meeting as required under the Listing Rules; and
- (iii) the net asset value of PAX as set out in the Completion Accounts is no less than HK\$43,280,455 (being the net asset value of PAX as at 31 December 2005).

In the event that any of the Conditions has not been fulfilled on or before 30 May 2007 (or such later date as is otherwise agreed between the Parties in writing), the Agreement shall terminate and the Parties shall have no further claim against each other for costs, damages, compensations or otherwise, save in respect of any antecedent breach.

If the Condition set out in paragraph (i) above is not satisfied by 5:00 p.m. on 30 May 2007, the Deposit shall be forfeited to the Vendor (as liquidated damages and not as penalty). If the Condition set out in paragraph (iii) is not satisfied by 5:00 p.m. on 30 May 2007, the Deposit shall be refunded without interest to the Purchaser within 7 days of written demand by the Purchaser.

Completion

The Agreement provides that Completion will take place on the Completion Date.

INFORMATION ON THE GROUP

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

INFORMATION ON THE PURCHASER

Keen Ambition Enterprise Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned by the Guarantor. The principal activity of the Purchaser is investment holding.

INFORMATION ON PAX

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

Based on the audited financial statements of PAX, which are prepared in accordance with accounting principles generally accepted in Hong Kong, the consolidated net profit (before and after taxation) for the two years ended 31 December 2005 and the consolidated net asset value of PAX as at 31 December 2004 and 2005 are as follows:

	For the year ended 31 December	
	2004 HK\$'000	2005 HK\$'000
Turnover	95,995	133,073
Net profit before taxation	8,200	13,470
Net profit after taxation	8,200	13,470
	As at 31 December	
	2004 HK\$'000	2005 HK\$'000
Net asset value	29,295	43,280

GAIN ON DISPOSAL BY THE COMPANY

Upon Completion, the Company expects to record a gain on disposal calculated with reference to the net asset value of PAX as at the Completion Date. Based on the net asset value of PAX as at 31 December 2005, the gain on disposal will be approximately HK\$157 million. Shareholders should note that the actual gain on disposal to be recorded by the Company will depend on the net asset value of PAX as at the Completion Date.

Upon Completion, the Company will no longer hold any interest in PAX.

REASONS FOR THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The Directors consider the terms of the Agreement, which were negotiated on an arm's length basis between the Parties, fair and reasonable. The Directors also consider that the Disposal will provide additional resources to the Group for (i) the business expansion of the Group's core business namely, the provision of customized information system consultancy and integration services, and information technology operation value-added services, which the Directors believe to have a higher growth potential; and (ii) working capital, and is in the interests of the Shareholders as a whole.

REQUIREMENTS UNDER THE LISTING RULES

Pursuant to Rule 14.06(3) of the Listing Rules, the Disposal constitutes a major transaction for the Company and is therefore subject to the approval of the Shareholders.

A circular containing, among other things, further details of the Agreement will be sent to the Shareholders as soon as practicable, together with a notice convening the SGM at which an ordinary resolution will be proposed for the approval of the Disposal and all transactions contemplated under the Agreement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 7 November 2006 pending the release of this announcement. Applications have been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 November 2006.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 6 November 2006 entered into between the Company, the Purchaser and the Guarantor in relation to the Disposal as more particularly set out under the section headed “The Agreement” of this announcement
“Boards”	the board of Directors
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Account”	the unaudited consolidated balance sheet of PAX as at the Reference Date prepared by PAX
“Completion Date”	31 May 2007 or such earlier date as may be agreed in writing between the Parties
“Conditions”	the conditions precedent to Completion, as more particularly set out under the sub-section headed “Conditions to Completion” of this announcement
“Consideration”	the consideration under the Agreement as more particularly set out under the sub-section headed “Consideration” of this announcement
“Deposit”	a deposit of HK\$5.0 million payable by the Purchaser to the Vendor under the Agreement as described in the section headed “The Agreement” of this announcement
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the terms of the Agreement
“Guarantor”	Mr. Mo Ying San, who owns the entire issued share capital of the Purchaser
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	the parties to the Agreement being the Company, the Purchaser and the Guarantor
“PAX”	Pax Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“PRC”	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Keen Ambition Enterprise Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned by the Guarantor
“Reference Date”	(i) the last calendar day of the month immediately preceding the Completion Date, if the Completion Date falls on or after the 15th day of that calendar month; or (ii) the last calendar day of a month falling two months prior to the Completion Date, if the Completion Date falls before the 15th day of that calendar month

“Sale Shares”	the entire issued share capital of PAX to be sold by the Company to the Purchaser pursuant to the terms and conditions under the Agreement
“SGM”	the special general meeting of the Company to be convened and held to consider and if thought appropriate, to approve, among other matters (if any), the Disposal and all transactions contemplated under the Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 November 2006

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. CHEUNG Yuk Fung, Mr. KUI Man Chun, Mr. XU Wensheng, Mr. LI Wenjin, Mr. CHAN Yiu Kwong, Mr. XU Chang Jun and Mr. ZHOU Jian, and three independent non-executive Directors, namely Mr. TAM Chun Fai, Mr. XU Sitao and Mr. LEUNG Wai Man, Roger.

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