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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)

CONNECTED TRANSACTION – DEEMED DISPOSAL OF 2.24% EQUITY INTEREST IN THE TARGET COMPANY

THE SUBSCRIPTION AGREEMENT

The Board announces that on 30 November 2023, Vbill Cayman, the Management Shareholders' Holdcos and the Target Company, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which Vbill Cayman and the Management Shareholders' Holdcos agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at an aggregate Subscription Price of HK\$12,896,787.

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is owned as to 82.28% by Vbill Cayman (a wholly-owned subsidiary of the Company) and as to an aggregate of 17.72% by the Management Shareholders' Holdcos.

Upon Completion, the Group's equity interest in the Target Company held through Vbill Cayman will be diluted from 82.28% to 80.04% as enlarged by the Allotment while the aggregate shareholding percentage held by the Management Shareholders' Holdcos will increase from 17.72% to 19.96%. As such, the Allotment constitutes a deemed disposal of 2.24% equity interest in the Target Company held by the Company.

IMPLICATIONS UNDER THE LISTING RULES

Since the Management Shareholders' Holdcos are wholly-owned by the Management Shareholders who are director, chief executive officer and/or supervisor of the Company's subsidiaries, each of the Management Shareholders' Holdcos is an associate of the respective Management Shareholder and hence a connected person of the Company at subsidiary level. Therefore, the Deemed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Deemed Disposal is more than 1% but less than 5%, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

On 30 November 2023, Vbill Cayman, the Management Shareholders' Holdcos and the Target Company, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement.

The major terms of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date : 30 November 2023

Parties

Subscribers : (i) Vbill Cayman, a wholly-owned subsidiary of the Company and an investment holding company whose subsidiaries are principally engaged in the provision of payment processing, micro-lending and supply chain financing services;

(ii) Shen Holdco, a special purpose vehicle wholly-owned by Mr. Shen for investment holding;

(iii) Li Holdco, a special purpose vehicle wholly-owned by Mr. Li for investment holding;

(iv) Xue Holdco, a special purpose vehicle wholly-owned by Mr. Xue for investment holding; and

(v) Ge Holdco, a special purpose vehicle wholly-owned by Ms. Ge for investment holding.

Target Company : CodeOne Data Limited (微碼數據有限公司), a company incorporated in Hong Kong with limited liability which, as at the date of this announcement, is owned as to 82.28% by Vbill Cayman and an aggregate of 17.72% by the Management Shareholders' Holdcos. The Target Company is an investment holding company and its subsidiaries are principally engaged in the payment processing business, including cross-border payment processing business.

Subject matter

Pursuant to the Subscription Agreement, Vbill Cayman and the Management Shareholders' Holdcos agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at an aggregate Subscription Price of HK\$12,896,787 detailed as follows:

Subscriber	Number of Subscription Shares	Subscription Price
Vbill Cayman	3,778	HK\$3,778
Shen Holdco	610	HK\$6,431,952
Li Holdco	294	HK\$3,099,561
Xue Holdco	196	HK\$2,066,374
Ge Holdco	122	HK\$1,295,122
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Total	5,000	HK\$12,896,787
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Vbill Cayman will subscribe for the relevant Subscription Shares at nominal price while the Subscription Price for the Management Shareholders' Holdco was determined based on the unaudited consolidated net asset value of the Target Company as at 31 October 2023. The Subscription Price shall be paid in cash by transfer of clear and immediate available funds to a bank account designated by the Target Company or by such other means as agreed by the Target Company.

Completion

Completion shall take place within five business days after the signing of the Subscription Agreement.

As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is owned as to 82.28% by Vbill Cayman and as to an aggregate of 17.72% by the Management Shareholders' Holdcos.

Upon Completion, the Group's equity interest in the Target Company held through Vbill Cayman will be diluted from 82.28% to 80.04% as enlarged by the Allotment. The Target Company will remain as an indirect non-wholly owned subsidiary of the Company upon Completion.

Ranking of the Subscription Shares

The Subscription Shares will be allotted and issued as fully paid at the relevant Subscription Price paid by each Subscriber. The Subscription Shares will rank pari passu in all respects among themselves and with the shares of the Target Company in issue on the date when Completion takes place.

EFFECT OF THE ALLOTMENT

The table below illustrates the shareholding structure of the Target Company immediately before and after Completion.

Subscriber	Shareholding immediately before Completion		Shareholding immediately upon Completion	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Vbill Cayman	8,228	82.28%	12,006	80.04%
Shen Holdco	884	8.84%	1,494	9.96%
Li Holdco	426	4.26%	720	4.80%
Xue Holdco	284	2.84%	480	3.20%
Ge Holdco	178	1.78%	300	2.00%
Total	<u>10,000</u>	<u>100.00%</u>	<u>15,000</u>	<u>100.00%</u>

SUPPLEMENTAL SHAREHOLDERS AGREEMENT

On 30 March 2020, the Management Shareholders, the Management Shareholders' Holdcos, Vbill Cayman and the Target Company entered into the Original Shareholders Agreement. Pursuant to the Original Shareholders Agreement, Vbill Cayman shall have the option exercisable at its discretion to request the transfer of all the Target Company's shares held by the Management Shareholders' Holdcos to Vbill Cayman ("**Call Option**") at the consideration equivalent to the initial capital contribution amount paid by the Management Shareholders' Holdcos to the Target Company (i.e. in aggregate HK\$1,772,000).

At Completion, the Management Shareholders, the Management Shareholders' Holdcos, Vbill Cayman and the Target Company will enter into the Supplemental Shareholders Agreement to make consequential amendments to the number of shares of the Target Company covered by the Call Option (i.e. all the shares of the Target Company to be held by the Management Shareholders' Holdcos upon Completion) so that Vbill Cayman may exercise the Call Option at its discretion upon the Management Shareholders' Holdcos becoming shareholders of Vbill Cayman in accordance with the terms of the 2019 Investor Agreement.

The Company will comply with the necessary requirements under the Listing Rules as may be applicable upon exercise of the Call Option by Vbill Cayman.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is an investment holding company. The subsidiaries of the Target Company are principally engaged in the payment processing business, including cross-border payment processing business.

Set out below is a summary of certain unaudited consolidated financial information of the Target Group (prepared in accordance with generally accepted accounting principles of the PRC) for the two financial years ended 31 December 2021 and 31 December 2022:

	For the financial year ended 31 December 2021 HK\$ (unaudited) approximately '000	For the financial year ended 31 December 2022 HK\$ (unaudited) approximately '000
Revenue	618	725,147
Profit/(Loss) before taxation	(5,720)	507,005
Profit/(Loss) after taxation	(5,720)	432,053

The unaudited consolidated total asset value and net asset value of the Target Group were HK\$1,203.2 million and HK\$654.7 million respectively as at 30 June 2023, and HK\$1,408.4 million and HK\$575.6 million respectively as at 31 October 2023.

INFORMATION OF THE MANAGEMENT SHAREHOLDERS

The Management Shareholders are the key management of the Group and are the ultimate beneficial owners of the Management Shareholders' Holdcos. Their positions within the Group and relationship with the respective Management Shareholders' Holdco are set out below:

- (i) Mr. Shen is a director of Vbill Cayman and certain other subsidiaries of the Company, and is the sole director and sole shareholder of Shen Holdco;
- (ii) Mr. Li is the chief executive officer of a subsidiary of the Company and the supervisor of another subsidiary of the Company, and is the sole director and sole shareholder of Li Holdco;
- (iii) Mr. Xue is a director of certain subsidiaries of the Company including subsidiaries of the Target Company, and is the sole director and sole shareholder of Xue Holdco; and
- (iv) Ms. Ge is a director of a subsidiary of the Company and a supervisor of certain other subsidiaries of the Company, and is the sole director and sole shareholder of Ge Holdco.

REASONS FOR AND BENEFITS OF THE ALLOTMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of payment and digital services, fintech services, platform operation solutions and financial solutions.

The Allotment will provide additional funding to support the Target Group's long-term business expansion plan and growth strategies. Since the Management Shareholders are the key management of the Group, the Allotment is crucial in enhancing their commitment to the Target Group by virtue of the subscription of further equity interest in the Target Company and is in the best interest of the Target Group. In addition, the Allotment can also align the shareholdings of the Management Shareholders in the Target Company with those in Vbill OPCO. The Directors consider that such alignment and strengthening of interests would be beneficial for the Group's governance and long term development.

The Directors (including the independent non-executive Directors) are of the view that the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Directors has any material interest in the Subscription Agreement and the transactions contemplated thereunder and accordingly no Director is required to abstain from voting on the Board resolutions in relation thereto.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group's equity interest in the Target Company will be diluted from 82.28% to 80.04% as enlarged by the Allotment. As such, the Allotment constitutes a deemed disposal of 2.24% equity interest in the Target Company held by the Company. The Target Company will remain as an indirect non-wholly owned subsidiary of the Company upon Completion.

The gross proceeds from the Allotment will be HK\$12,896,787, which is intended to be applied as general working capital of the Target Group for business expansion. The Deemed Disposal will be accounted for as equity transactions and is not expected to lead to any material gain or loss to the consolidated income statement of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Since the Management Shareholders' Holdcos are wholly-owned by the Management Shareholders who are director, chief executive officer and/or supervisor of the Company's subsidiaries, each of the Management Shareholders' Holdcos is an associate of the respective Management Shareholder and hence a connected person of the Company at subsidiary level. Therefore, the Deemed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Deemed Disposal is more than 1% but less than 5%, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2019 Investor Agreement”	the subscription agreement dated 12 February 2019 (amended and restated on 21 May 2019 and further amended and restated on 24 September 2019) entered into between, amongst others, the Management Shareholders and Vbill Cayman, details of which are set out in the announcement of the Company dated 24 September 2019
“Allotment”	the allotment and issue of the Subscription Shares by the Target Company to the Subscribers pursuant to the terms of the Subscription Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Completion”	the completion of the Allotment
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 818)
“Deemed Disposal”	the deemed disposal of the 2.24% equity interest in the Target Company held by the Group as a result of the Allotment
“Director(s)”	the director(s) of the Company
“Ge Holdco”	Just Pay Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Ms. Ge
“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
“Li Holdco”	Kapok Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Li

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shareholders”	collectively, Mr. Shen, Mr. Li, Mr. Xue and Ms. Ge
“Management Shareholders’ Holdcos”	collectively, Shen Holdco, Li Holdco, Xue Holdco and Ge Holdco
“Mr. Li”	Mr. Li Huimin, a PRC national
“Mr. Shen”	Mr. Shen Zheng, a PRC national
“Mr. Xue”	Mr. Xue Guangyu, a PRC national
“Ms. Ge”	Ms. Ge Xiaoxia, a PRC national
“Original Shareholders Agreement”	the shareholders agreement dated 30 March 2020 entered into among the Management Shareholders, the Management Shareholders’ Holdcos, Vbill Cayman and the Target Company with respect to the ownership, management and operations of the Target Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholder(s)”	the shareholders of the Company
“Shen Holdco”	Delia and Grace Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Shen
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Vbill Cayman and the Management Shareholders’ Holdcos, and each a “Subscriber”
“Subscription Agreement”	the subscription agreement dated 30 November 2023 entered into among the Subscribers and the Target Company in relation to the subscription for the Subscription Shares
“Subscription Price”	the respective subscription price for the Subscription Shares payable by the respective Subscribers pursuant to the Subscription Agreement
“Subscription Shares”	an aggregate of 5,000 new ordinary shares of the Target Company to be subscribed by the Subscribers

“Supplemental Shareholders Agreement”	the supplemental agreement to the Original Shareholders Agreement to be entered into among the Management Shareholders, the Management Shareholders’ Holdcos, Vbill Cayman and the Target Company
“Target Company”	CodeOne Data Limited (微碼數據有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Vbill Cayman”	Vbill Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Vbill OPCO”	隨行付支付有限公司 (unofficial English translation for identification purpose only, being Vbill Payment Co. Ltd.), a limited liability company incorporated in the PRC which is accounted for as a 80.04% owned subsidiary of the Company
“Xue Holdco”	YuTeng Technology Limited, a company incorporated in the BVI with limited liability wholly-owned by Mr. Xue
“%”	per cent.

By Order of the Board
Hi Sun Technology (China) Limited
Hui Lok Yan
Company Secretary

Hong Kong, 30 November 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Wensheng, Mr. Kui Man Chun, Mr. Li Wenjin and Mr. Xu Changjun; and three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Li Heguo.