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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)**

### **(1) ADOPTION OF MEGAHUNT SHARE OPTION SCHEME; AND (2) GRANT OF OPTIONS TO THE GRANTEES**

#### **1. ADOPTION OF MEGAHUNT SHARE OPTION SCHEME**

On 4 July 2018, the directors and the sole shareholder of Megahunt passed resolutions to adopt Megahunt Share Option Scheme. Megahunt Share Option Scheme shall comply with the requirements under Chapter 17 of the Listing Rules and will be subject to approval by the Shareholders at the SGM. A summary of the principal terms of Megahunt Share Option Scheme will be contained in the circular to be despatched to the Shareholders.

#### **2. GRANT OF OPTIONS TO THE GRANTEES**

On 4 July 2018, the Board of Megahunt resolved to conditionally grant Options to Ms. Song, Mr. Liu, Mr. Yang and Mr. Li (i.e. the Proposed Grantees) pursuant to the terms of Megahunt Share Option Scheme. The grant of Options to Mr. Li, Mr. Liu and Mr. Yang is subject to the approval by the Shareholders at the SGM.

#### **3. SGM**

A circular containing, among others, details of Megahunt Share Option Scheme, the grant of Options to Mr. Li, Mr. Liu and Mr. Yang, and the notice of SGM will be despatched to the Shareholders in due course.

\* For identification purpose only

# 1. ADOPTION OF MEGAHUNT SHARE OPTION SCHEME

## Megahunt Share Option Scheme

On 4 July 2018, the directors and the sole shareholder of Megahunt passed resolutions to adopt Megahunt Share Option Scheme.

The purpose of Megahunt Share Option Scheme is to enable Megahunt to grant options to selected Participants as incentives or rewards for their contribution or potential contribution to Megahunt. The Board of Megahunt considers that Megahunt Share Option Scheme will provide the Participants with the opportunity to acquire proprietary interests in Megahunt and encourage Participants to work towards enhancing the value of equity interests in Megahunt for the benefit of Megahunt and its shareholder(s) as a whole. Megahunt Share Option Scheme will provide Megahunt with a flexible means of retaining, incentivising, rewarding, and/or providing benefits to the Participants. Given the different nature of the duties of the employees of various business units of the Group, the Directors believe that the authority given to the Board of Megahunt under Megahunt Share Option Scheme to determine the eligibility of any Megahunt Share Option Scheme Participant of any Option from time to time based on his or her contribution or potential contribution to the development and growth of Megahunt on a case by case basis, and specify any minimum holding period and/or performance target at its discretion as conditions in any Option granted will serve to protect the value of Megahunt and achieve the purpose stated above.

As at the date of this announcement, the Registered Capital is HK\$15,000,000. Assuming that there is no change in the Registered Capital between the period from the date of this announcement and the date of the SGM and subject to the conditions mentioned below having been satisfied, the maximum Registered Capital which may be contributed by the grantees upon exercise of all options which may be granted under Megahunt Share Option Scheme and any other share option schemes of Megahunt will be HK\$1,500,000, being 10% of the Registered Capital of Megahunt as at the date of the SGM (“**Megahunt Scheme Mandate Limit**”), unless the Company obtains a fresh approval from Shareholders to renew Megahunt Scheme Mandate Limit, provided that the maximum Registered Capital contributed or to be contributed by the grantees in respect of which options may be granted under Megahunt Share Option Scheme together with any options outstanding and yet to be exercised under the Megahunt Share Option Scheme and any other share option schemes of Megahunt shall not exceed 30% of the registered capital of Megahunt from time to time.

### Conditions

Megahunt Share Option Scheme shall be effective subject to the fulfilment and satisfaction of the following conditions:

- (i) all necessary consents, waivers and permits (if any) required to be obtained from the directors and shareholders of Megahunt in accordance with the constitutional documents of Megahunt and all applicable law having been obtained; and
- (ii) the Shareholders having approved the adoption of Megahunt Share Option Scheme at the SGM.

A summary of the principal terms of Megahunt Share Option Scheme will be contained in the circular to be despatched to the Shareholders.

### **Information of Megahunt**

Megahunt is a company incorporated under the laws of the PRC with limited liability and is principally engaged in the sales of information security chips and solutions in the PRC. As at the date of this announcement, the Company has no intention or plan to seek separate listing of Megahunt on any stock exchange.

As at the date of this announcement, Megahunt has no subsidiary.

## **2. GRANT OF OPTIONS TO THE GRANTEES**

On 4 July 2018, the Board of Megahunt resolved to conditionally grant Options to Ms. Song, Mr. Liu, Mr. Yang and Mr. Li (i.e. the Proposed Grantees) pursuant to the terms of Megahunt Share Option Scheme.

### **Details of the grant of Options**

#### ***Name of Proposed Grantees***

Ms. Song Jie – a director and the financial controller of Megahunt

Mr. Liu Zhan-li – the technology director of Megahunt

Mr. Yang Lei – the deputy general manager of Megahunt

Mr. Li Li – a director, the legal representative and the general manager of Megahunt

None of the Proposed Grantees is a director, chief executive or substantial shareholder of the Company or an associate of any of them.

#### ***Subscription price of Options granted***

Approximately RMB13.33 for every HK\$1.0 in the Registered Capital of Megahunt. The subscription price was determined in accordance with the terms of Megahunt Share Option Scheme.

#### ***Market price of the equity interest of Megahunt on the Date of Grant***

Not applicable as the equity interests of Megahunt are not listed.

### ***Amount of Enlarged Registered Capital subject to the Options***

<b>Name of Proposed Grantee</b>	<b>Aggregate subscription price (RMB)</b>	<b>Amount of Enlarged Registered Capital subject to the Options (HK\$)</b>	<b>Percentage of the Enlarged Registered Capital (Approximate)</b>
Ms. Song	2,000,000	150,000	0.83%
Mr. Liu	7,000,000	525,000	2.92%
Mr. Yang	7,000,000	525,000	2.92%
Mr. Li	24,000,000	1,800,000	10.00%
Total:	<u>40,000,000</u>	<u>3,000,000</u>	<u>16.67%</u>

### ***Vesting day and exercise period of Options***

30%, 30% and 40% of the Options granted to the respective Proposed Grantees shall be vested on the first, the second and the third anniversary, respectively, from the Date of Grant. Subject to Megahunt Share Option Scheme becoming effective, the Grantees may exercise his or her Option within the exercise period, which shall be the period commencing from the respective vesting day and ending on (i) the eighth anniversary from the Date of Grant; or (ii) the date on which such Option ceases to be valid, whichever is earlier.

Unless with the prior written consents of the Board of Megahunt and all the shareholder(s) of Megahunt, the Options shall only be exercised once within the exercise period.

### ***Consideration for the grant of the Options***

HK\$1.00 to be paid by each Proposed Grantee upon the acceptance of the Options granted.

### ***Other covenants***

- (1) Each of the Proposed Grantees shall not transfer or sell, charge, pledge or dispose of or create any third party interests over, or enter into any agreement to effect the foregoing any of their respective Option Interests within 2 years of the exercise of the Options, unless prior written consent of Megahunt HK is obtained.
- (2) After the two-year lock-up period stipulated in (1) above, Megahunt HK shall have the pre-emptive rights over all other shareholders of Megahunt and other third parties to take up the Option Interests at the same price offered by the Proposed Grantees for any such sale or transfer of the Option Interests by the Proposed Grantees.

- (3) When a third party purchaser offers to purchase the entire equity interest of Megahunt and Megahunt HK agrees to sell its entire interests in Megahunt to such purchaser (“Sale”):
  - (i) all the then existing shareholders of Megahunt (including the Proposed Grantees who have acquired the Option Interests) shall agree to sell their entire interests in Megahunt to such third party purchaser at the same price at which Megahunt HK sells its entire interests in Megahunt; and
  - (ii) all the outstanding Options which have been granted but not exercised shall lapse on the date a sale and purchase agreement in respect of the Sale is signed.
- (4) When the purchase offer of a third party purchaser relates only to part of the equity interests in Megahunt, Megahunt HK may choose to sell its interests in Megahunt alone or request all other existing shareholders of Megahunt (including the Proposed Grantees who have acquired the Option Interests), who shall be obliged to act upon such request, to sell their interests in Megahunt to such third party purchaser together with it in proportion to their respective percentage holding in Megahunt at the same price at which Megahunt HK sells its equity interests in Megahunt.
- (5) After any Proposed Grantee has become a shareholder of Megahunt, where there shall be any increase in the Registered Capital in the future, each of such Proposed Grantees shall have the pre-emptive rights to contribute to the increased Registered Capital on the same subscription price and to the extent that their respective percentage holding in Megahunt remains the same before and after such increase.
- (6) Each of the Proposed Grantees shall remain in full time employment with Megahunt for at least 12 months from the date of exercise of his or her Option unless the Proposed Grantee is dismissed by Megahunt due to his or her violation of laws, breach of the constitutional documents of Megahunt, obvious wrongful conducts as an employee or otherwise.
- (7) Each of the Proposed Grantees shall not engage in any business which competes with the business of Megahunt during the term of his or her employment or 5 years from the Date of Grant, whichever is longer.

## Shareholding structure of Megahunt

The shareholding structure of Megahunt as at the date of this announcement and upon the exercise of the Options by the Proposed Grantees in full are as follows:

Name of shareholders	As at the date of this announcement		Upon the exercise of the Options by the Proposed Grantees in full	
	Amount of Registered Capital (HK\$)	Percentage of the Registered Capital	Amount of Enlarged Registered Capital (HK\$)	Percentage of the Enlarged Registered Capital (Approximate)
Megahunt HK	15,000,000	100%	15,000,000	83.33%
Ms. Song	–	–	150,000	0.83%
Mr. Liu	–	–	525,000	2.92%
Mr. Yang	–	–	525,000	2.92%
Mr. Li	–	–	1,800,000	10.00%
Total:	<u>15,000,000</u>	<u>100.00%</u>	<u>18,000,000</u>	<u>100.00%</u>

## Scheme Mandate Limit and Individual Limit

Under the rules of Megahunt Share Option Scheme, the total Registered Capital contributed and to be contributed upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Registered Capital (“**Individual Limit**”). Any further grant of Options to a Participant which would result in the Registered Capital contributed and to be contributed by a Participant upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of grant of such further Options exceeding the Individual Limit shall be subject to approval of the Shareholders in advance with such Participant and his or her close associates (or his or her associates if such Participant is a connected person) abstaining from voting.

The Enlarged Registered Capital attributable to Mr. Li, Mr. Liu, Mr. Yang and Ms. Song represent 12%, 3.5%, 3.5% and 1% respectively of the Registered Capital as at the Date of Grant (i.e. the date of this announcement). The grant of Options to Mr. Li, Mr. Liu and Mr. Yang exceed the Individual Limit and is therefore subject to the Shareholders’ approval at the SGM.

In addition, under the rules of Megahunt Share Option Scheme, the total Registered Capital which may be contributed by the grantees upon exercise of all Options to be granted under Megahunt Share Option Scheme and other share option schemes of Megahunt shall not in aggregate exceed 10% of the Registered Capital of Megahunt as at the date of the SGM (i.e. the Megahunt Scheme Mandate Limit), being HK\$15,000,000 multiplied by 10% which equals to HK\$1,500,000, assuming that there is no change in the Registered Capital between the period from the date of this announcement and the date of the SGM.

Pursuant to note 1 to Rule 17.03(3) of the Listing Rules and the rules of Megahunt Share Option Scheme, Megahunt may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Megahunt Scheme Mandate Limit provided the Options in excess of the Megahunt Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought. After granting Options to Ms. Song, Mr. Yang and Mr. Liu whose Option Interests represent, in aggregate, 8% of the Registered Capital of Megahunt as at the date of the SGM, the grant of Option to Mr. Li has exceeded the Megahunt Scheme Mandate Limit. Therefore, the grant of Option to Mr. Li, which exceeded the Megahunt Scheme Mandate Limit, is subject to Shareholders' approval at the SGM.

### **Reasons for and benefits of the grant of Options**

Megahunt is principally engaged in the sales of information security chips and solutions (“**Business**”). Driven by the significant growth of the payment market in the PRC, the information security chips business expanded rapidly in the second half of 2017 and the annual sales increased to approximately 3 times as compared with that for 2016. The Directors are of the view that the Proposed Grantees, being key employees and senior management of Megahunt, have made substantial contributions to Megahunt. In addition, the grant of Options to enable the Proposed Grantees to subscribe for the equity interest in Megahunt will motivate them to contribute to the success and long term development of the Business. It is also beneficial to Megahunt and the Group as a whole as the interest of the senior management of Megahunt will be aligned with that of the Group by subscribing for equity interests in Megahunt themselves. In addition, the capital base of Megahunt will be enlarged and the Proposed Grantees will be more committed to the furtherance of the development of the Business.

As at the date of this announcement, neither the Company nor Megahunt have any plan to grant further Option in the future.

The Directors (including the independent non-executive Directors) consider that the adoption of Megahunt Share Option Scheme and the grant of the Options are in the interests of Megahunt, the Company and the Shareholders as a whole.

### **3. SGM**

A circular containing, among others, details of Megahunt Share Option Scheme and the grant of Options to the Proposed Grantees, and the notice of SGM will be despatched to the Shareholders in due course.

### **4. DEFINITIONS**

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Board of Megahunt”	the board of directors of Megahunt from time to time or its duly authorised committee for the purpose of administering Megahunt Share Option Scheme



“Business Day”	a working day other than Saturdays, Sundays and public holidays under the laws of the PRC, and a trading day of the Stock Exchange
“close associate”	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 Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Date of Grant”	in respect of an Option, subject to the conditions as set out in Megahunt Share Option Scheme and the approval of the Directors and Shareholders (if required), the date on which the Board of Megahunt resolves to make an offer of that Option to the Participant, which date must be a Business Day
“Director(s)”	director(s) of the Company
“Enlarged Registered Capital”	the maximum registered capital of Megahunt upon exercise of the Options by the Proposed Grantees in full
“Grantee”	any Participant who accepts the offer of an Option in accordance with the terms of Megahunt Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Megahunt”	Mega Hunt Microelectronics (Beijing) Limited, a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Megahunt HK
“Megahunt HK”	Mega Hunt Microelectronics Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company



“Megahunt Share Option Scheme”	the share option scheme of Megahunt proposed to be approved by the Shareholders at the SGM
“Megahunt Scheme Mandate Limit”	has the meaning ascribed to it under the paragraph headed “1. ADOPTION OF MEGAHUNT SHARE OPTION SCHEME – Megahunt Share Option Scheme” in this announcement
“Mr. Li”	Mr. Li Li, a director, the legal representative and the general manager of Megahunt, and a Proposed Grantee
“Mr. Liu”	Mr. Liu Zhan-li, the technology director of Megahunt, and a Proposed Grantee
“Mr. Yang”	Mr. Yang Lei, the deputy general manager of Megahunt, and a Proposed Grantee
“Ms. Song”	Ms. Song Jie, a director and the financial controller of Megahunt, and a Proposed Grantee
“Option(s)”	the option(s) granted or to be granted to the eligible Participants under Megahunt Share Option Scheme
“Option Interests”	the equity interest of Megahunt to be held by the Grantees pursuant to the exercise of the Options
“Participants”	the directors or senior management of Megahunt or its subsidiaries
“PRC”	the People’s Republic of China
“Proposed Grantees”	Mr. Li, Mr. Liu, Mr. Yang and Ms. Song collectively
“Registered Capital”	the registered capital of Megahunt from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the adoption of Megahunt Share Option Scheme and the grant of Options to certain of the Proposed Grantees
“Share(s)”	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

“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, 4 July 2018

*As at the date of this announcement, the Board consists of five executive Directors, namely Mr. Cheung Yuk Fung, Mr. Kui Man Chun, Mr. Xu Wensheng, Mr. Li Wenjin and Mr. Xu Changjun; three independent non-executive Directors, namely Mr. Tam Chun Fai, Mr. Leung Wai Man, Roger and Mr. Chang Kai-Tzung, Richard.*