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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) PROPOSED AMENDMENT TO THE TERMS OF THE 2018 OPTIONS GRANTED UNDER THE VBILL SHARE OPTION SCHEME;**
- (2) PROPOSED AMENDMENT TO THE TERMS OF THE VBILL SHARE OPTION SCHEME; AND**
- (3) PROPOSED ADOPTION OF VBILL (CAYMAN) SHARE OPTION SCHEME**

PROPOSED AMENDMENT TO THE TERMS OF THE 2018 OPTIONS GRANTED UNDER THE VBILL SHARE OPTION SCHEME

The Board and the Board of VBill proposed to extend the exercise period of the 2018 Options for three years, such that the VBill Grantees can exercise the 2018 Options once within the extended exercise period, which ends on (i) the 6th anniversary of the Effective Date (as defined below), being 5 February 2024; or (ii) the date on which such 2018 Options cease to be valid, whichever is earlier.

PROPOSED AMENDMENT TO THE TERMS OF THE VBILL SHARE OPTION SCHEME

Given that the exercise period of the 2018 Options is proposed to be extended to six years from the Effective Date, the original exercise period which is not more than five years from the date of grant under the VBill Share Option Scheme will be exceeded. To tally with the proposed amendment to the terms of the 2018 Options, the Board and the Board of VBill proposed to amend the relevant provision on the exercise period under the VBill Share Option Scheme from the original exercise period of five years from the date of grant to six years from the Effective Date.

* *For identification purpose only*

PROPOSED ADOPTION OF VBILL (CAYMAN) SHARE OPTION SCHEME

On 16 October 2020, the directors and shareholders of VBill (Cayman) passed resolutions to adopt the VBill (Cayman) Share Option Scheme. The VBill (Cayman) 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.

GENERAL AND RECORD DATE FOR SGM

According to note (2) of Rule 17.03 of the Listing Rules and rules of the VBill Share Option Scheme, any alterations to the terms and conditions of the VBill Share Option Scheme which are of a material nature must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the VBill Share Option Scheme. In addition, pursuant to note (1) of Rule 17.03 of the Listing Rules and the rules of the VBill Share Option Scheme, the exercise period of the options granted under the VBill Share Option Scheme shall not be altered to the advantage of the participants without the prior approval of the Shareholders in general meeting.

Pursuant to Rule 17.02(1) of the Listing Rules, the proposed adoption of VBill (Cayman) Share Option Scheme must be approved by Shareholders in general meeting.

Accordingly, both the Proposed Amendments and the proposed adoption of VBill (Cayman) Share Option Scheme are subject to approval by the Shareholders at the SGM.

The SGM is proposed to be held at Room 2515, 25/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 3:00 p.m. for the Shareholders to consider, and if thought fit, approve the Proposed Amendments and the proposed adoption of VBill (Cayman) Share Option Scheme.

Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the Shareholders to attend and vote at the SGM will be Thursday, 12 November 2020. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 12 November 2020.

A circular containing, among other things, details of the Proposed Amendments, the proposed adoption of VBill (Cayman) Share Option Scheme and the notice convening the SGM together with a form of proxy will be despatched to the Shareholders in due course.

1. PROPOSED AMENDMENT TO THE TERMS OF THE 2018 OPTIONS GRANTED UNDER THE VBILL SHARE OPTION SCHEME

Major terms of the 2018 Options granted pursuant to the VBill Share Option Scheme

The adoption of the VBill Share Option Scheme and the grant of the 2018 Options to the VBill Grantees pursuant to the terms of VBill Share Option Scheme were approved by the Shareholders on 5 February 2018 (“Effective Date”).

Details of the grant of the 2018 Options are set out as below:

Amount of Enlarged Registered Capital subject to the 2018 Options

Name of VBill Grantee	Aggregate Subscription Price (RMB)	Amount of Enlarged Registered Capital subject to the 2018 Options (RMB)	Percentage of Enlarged Registered Capital (Approximate)
Mr. Guo	85,252,522.5	6,814,750	3%
Mr. Li	85,252,522.5	6,814,750	3%
Mr. Shen	170,505,045.0	13,629,500	6%
Total:	341,010,090.0	27,259,000	12%

Each of Mr. Li and Mr. Shen is a connected person of the Company at subsidiary level. None of the VBill Grantees is a director, chief executive or substantial shareholder of the Company or an associate of any of them.

Subscription price and the exercise period of the 2018 Options

The subscription price of the 2018 Options was RMB12.51 for every RMB1.0 in the Registered Capital. The VBill Grantees may exercise their 2018 Options within three years from the Effective Date, i.e. on or before 5 February 2021. The 2018 Options shall only be exercised once within the exercise period. As at the date of this announcement, none of the 2018 Options has been exercised.

Proposed extension of the exercise period of the 2018 Options

As at the date of this announcement, none of the 2018 Options has been exercised. The last day of the exercise period of the 2018 Options is 5 February 2021. Except for the 2018 Options, as at the date of this announcement, there is no other VBill Options outstanding under the VBill Share Option Scheme.

For the reasons stated below, the Board and the Board of VBill proposed to extend the exercise period of the 2018 Options, such that the VBill Grantees can exercise the 2018 Options once within the extended exercise period, which ends on (i) the 6th anniversary of the Effective Date, being 5 February 2024; or (ii) the date on which such 2018 Options cease to be valid, whichever is earlier (“Extended Exercise Period”).

Reasons for the proposed amendment

Reference is made to the announcement of the Company dated 24 September 2019. Pursuant to the 2nd Amended Subscription Agreement (as defined in the announcement of the Company dated 24 September 2019), Mr. Guo, Mr. Li, Mr. Shen (i.e. the VBill Grantees) and Ms. Ge Xiaoxia shall transfer their interests in VBill to VBill (Cayman) and in return they will become shareholders of VBill (Cayman) (“**Share Swap**”). The Share Swap is conditional upon approval from the People’s Bank of China (“**PBOC**”). The application for approval for the Share Swap was submitted to the PBOC and such approval had not been granted as at the date of this announcement. It is also contemplated under the 2nd Amended Subscription Agreement that after the completion of the Share Swap, the 2018 Options shall be cancelled and replaced by new options of similar terms issued under a new share option scheme of VBill (Cayman).

The application for approval for the Shares Swap was first submitted to the Operation Office (Beijing) of the PBOC in April 2019. After consultation with PBOC, the Company understands that the application has been processed by the Operation Office (Beijing) of the PBOC and was submitted to the Head Office of the PBOC for review in June 2020. It is expected that the Head Office of the PBOC will request for supplemental documents and information during their review process. Furthermore, due to the uncertainty of the COVID-19 pandemic development which may warrant the nationwide implementation of emergency public health measures and other actions to curtail the spread of the pandemic including a full lockdown, the Company expects that the approval and review process may take longer.

On the basis of the aforesaid and in order to encourage and motivate the VBill Grantees for their continuing contribution to the success and long term development of VBill Group, the Board and the Board of VBill proposed to extend the original exercise period of the 2018 Options for three years, such that the 2018 Options will not lapse before the completion of the Share Swap and replacement of the 2018 Options by new options of VBill (Cayman), so as to enable the VBill Grantees to acquire proprietary interests in VBill Group, and the Board considers that the alignment of the interests of the Group with the interests of VBill Grantees, being the senior management of VBill Group, would be beneficial to the Group and the VBill Group as a whole.

2. PROPOSED AMENDMENT TO THE TERMS OF THE VBILL SHARE OPTION SCHEME

The exercise period of VBill Options

A VBill Option may be exercised in accordance with and subject to the terms of the VBill Share Option Scheme at any time during the relevant exercise period, or such other period to be determined and notified by the Board of VBill to each grantee, which period may commence on the date of grant and shall end in any event not later than five years from the date of grant of the VBill Options subject to the provisions for early termination, lapse or cancellation thereof.

Proposed extension of the exercise period of VBill Options

As mentioned in the paragraph headed “1. PROPOSED AMENDMENT TO THE TERMS OF THE 2018 OPTIONS GRANTED UNDER THE VBILL SHARE OPTION SCHEME – Proposed extension of the exercise period of the 2018 Options” in this announcement, the proposed amendment to extend the exercise period of the 2018 Options will be proposed at the SGM. Given that such proposed amendment to the terms of the 2018 Options may extend the exercise period of the 2018 Options to six years from the Effective Date, the original exercise period of five years from the date of grant under the VBill Share Option Scheme will be exceeded.

To tally with the proposed amendment to the terms of the 2018 Options, the Board and the Board of VBill proposed to amend the relevant provision on the exercise period under the VBill Share Option Scheme from the original exercise period of five years from the date of grant to six years from the Effective Date.

Reasons for the proposed amendment

Taking into account that if the extension of the exercise period of the 2018 Options is approved by the Shareholders at the SGM, the Extended Exercise Period will exceed the exercise period of the VBill Options under VBill Share Option Scheme, the Board and the Board of VBill consider that the rules in relation to the exercise period under the VBill Share Option Scheme have to be altered, so as to tally with the proposed amendment to the terms of the 2018 Options. It also allows VBill more flexibility in retaining, incentivising, rewarding and/or providing benefits to the participants through the grant of VBill Options.

3. PROPOSED ADOPTION OF THE VBILL (CAYMAN) SHARE OPTION SCHEME

The VBill (Cayman) Share Option Scheme

On 16 October 2020, the directors and shareholders of VBill (Cayman) passed resolutions to adopt the VBill (Cayman) Share Option Scheme. The VBill (Cayman) 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.

The purpose of the VBill (Cayman) Share Option Scheme is to enable VBill (Cayman) to grant options to selected Participants as incentives or rewards for their contribution or potential contribution to the VBill (Cayman) Group. The Board of VBill (Cayman) considers that the VBill (Cayman) Share Option Scheme will provide the Participants with the opportunity to acquire proprietary interests in VBill (Cayman) and encourage Participants to work towards enhancing the value of equity interests in VBill (Cayman) for the benefit of the VBill (Cayman) Group and its shareholders as a whole. The VBill (Cayman) Share Option Scheme will provide VBill (Cayman) 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 VBill (Cayman) under the VBill (Cayman) Share Option Scheme to determine the eligibility of any VBill (Cayman) 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 the VBill (Cayman) Group 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 VBill (Cayman) and achieve the purpose stated above.

As at the date of this announcement, the number of VBill (Cayman) Shares in issue is 9,308. Assuming that there is no change in the number of VBill (Cayman) Shares between the date of this announcement and the date of the SGM and subject to the conditions mentioned below having been satisfied, the maximum number of VBill (Cayman) Shares which may be allotted and issued to the Grantees upon exercise of all options which may be granted under the VBill (Cayman) Share Option Scheme and any other share option schemes of VBill (Cayman) will be 930.8, being 10% of the VBill (Cayman) Shares in issue as at the date of the SGM, unless the Company obtains a fresh approval from Shareholders to renew the 10% limit (i.e. VBill (Cayman) Scheme Mandate Limit), provided that the maximum number of VBill (Cayman) Shares allotted and issued or to be allotted and issued to the Grantees in respect of which Options may be granted under the VBill (Cayman) Share Option Scheme together with any options outstanding and yet to be exercised under the VBill (Cayman) Share Option Scheme and any other share option schemes of VBill (Cayman) shall not exceed 30% of the number of VBill (Cayman) Shares from time to time (i.e. the VBill (Cayman) Scheme Limit).

After the Share Swap has completed, it is expected that Options, representing approximately 10.79% of the then issued share capital of VBill (Cayman), will be granted to the VBill Grantees under the VBill (Cayman) Share Option Scheme at similar terms of 2018 Options in replacement of their 2018 Options. Save as disclosed above, at present, VBill (Cayman) has not identified any other Participants for the grant of Options under VBill (Cayman) Share Option Scheme in the coming 12 months.

The Company will comply with the requirements under the Listing Rules when the Options are granted to and exercised by the VBill Grantees under the VBill (Cayman) Share Option Scheme.

Conditions

The VBill (Cayman) Share Option Scheme shall be effective subject to the fulfillment and satisfaction of the following conditions:

- (i) all necessary consents, waivers and patents (if any) required to be obtained by VBill (Cayman) (including but not limited to the directors and shareholders of VBill (Cayman)) in accordance with the constitutional documents of VBill (Cayman) and all applicable laws having been obtained; and
- (ii) the Shareholders having approved the adoption of the VBill (Cayman) Share Option Scheme at the SGM.

A summary of the principal terms of the VBill (Cayman) Share Option Scheme will be more particularly set out in the circular to be despatched to the Shareholders in due course.

4. GENERAL AND RECORD DATE FOR SGM

According to note (2) of Rule 17.03 of the Listing Rules and rules of the VBill Share Option Scheme, any alterations to the terms and conditions of the VBill Share Option Scheme which are of a material nature must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the VBill Share Option Scheme. In addition, pursuant to note (1) of Rule 17.03 of the Listing Rules and the rules of the VBill Share Option Scheme, the exercise period of the options granted under the VBill Share Option Scheme shall not be altered to the advantage of the participants without the prior approval of the Shareholders in general meeting.

Pursuant to Rule 17.02(1) of the Listing Rules, the proposed adoption of VBill (Cayman) Share Option Scheme must be approved by Shareholders in general meeting.

Accordingly, both the Proposed Amendments and the proposed adoption of VBill (Cayman) Share Option Scheme are subject to the approval by the Shareholders at the SGM to take effect.

The SGM is proposed to be held at Room 2515, 25/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 3:00 p.m. for the Shareholders to consider, and if thought fit, approve the Proposed Amendments and the proposed adoption of VBill (Cayman) Share Option Scheme.

Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the Shareholders to attend and vote at the SGM will be Thursday, 12 November 2020. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 12 November 2020.

A circular containing, among other things, details of the Proposed Amendments, proposed adoption of VBill (Cayman) Share Option Scheme and the notice convening the SGM together with a form of proxy will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, the following terms have the meanings set forth opposite to them:

“2018 Options”	the options granted to the VBill Grantees as more particularly described under the paragraph headed “Major terms of the 2018 Options granted pursuant to the VBill Share Option Scheme” in this announcement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Board of VBill”	the board of directors of VBill from time to time or its duly authorized committee for the purpose of administering the VBill Share Option Scheme
“Board of VBill (Cayman)”	the board of directors of VBill (Cayman) from time to time or its duly authorized committee for the purpose of administering the VBill (Cayman) Share Option Scheme
“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(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Enlarged Registered Capital”	the maximum registered capital of VBill upon exercise of the options by the grantees in full under the VBill Share Option Scheme
“Grantee(s)”	any Participant who accepts the offer of an Option in accordance with the terms of the VBill (Cayman) 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 person representative of such person
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Guo”	Mr. Guo Yi, the senior vice president of VBill, and a VBill Grantee

“Mr. Li”	Mr. Li Huimin, the chief executive officer of VBill and the supervisor of a member of the VBill Group, and a VBill Grantee
“Mr. Shen”	Mr. Shen Zheng, a director and the chairman of the Board of VBill and a director of certain members of the VBill Group, and a VBill Grantee
“Option(s)”	the option(s) granted or to be granted to the eligible Participants under the VBill (Cayman) Share Option Scheme
“Participant(s)”	(i) any director(s), senior management and employee(s) of the Company; and (ii) any director(s), senior management and employee(s) of the VBill (Cayman) Group
“PRC”	the People’s Republic of China
“Proposed Amendments”	collectively, the proposed amendment to the terms of the 2018 Options and the proposed amendment to the terms of VBill Share Option Scheme, as more particularly described under the paragraphs headed “1. PROPOSED AMENDMENT TO THE TERMS OF THE 2018 OPTIONS GRANTED UNDER VBILL SHARE OPTION SCHEME” and “2. PROPOSED AMENDMENT TO THE TERMS OF THE VBILL SHARE OPTION SCHEME” respectively in this announcement
“Registered Capital”	the registered capital of VBill from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company convened to be held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 November 2020 at 3:00 p.m.
“Share(s)”	share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollars, the lawful currency of the United States of America
“VBill”	隨行付支付有限公司 (unofficial English translation being VBill Payment Co. Ltd.), a limited liability company incorporated in the PRC and is accounted for as a 68.83%-owned subsidiary of the Company as at the date of this announcement

“VBill (Cayman)”	VBill Limited, a company incorporated in the Cayman Islands with limited liability and is owned as to 85.99% by the Company as at the date of this announcement
“VBill (Cayman) Share Option Scheme”	the share option scheme of VBill (Cayman) proposed to be approved by the Shareholders at the SGM, and a summary of its principal terms will be more particularly set out in the circular to be despatched to the Shareholders
“VBill Grantees”	collectively, Mr. Guo, Mr. Li and Mr. Shen and each, a VBill Grantee
“VBill Group”	collectively, VBill and its subsidiaries from time to time
“VBill (Cayman) Group”	collectively, VBill (Cayman) and its subsidiaries from time to time
“VBill (Cayman) Share(s)”	share(s) of par value of US\$1.00 each in the share capital of VBill (Cayman)
“VBill Option(s)”	the option(s) granted or to be granted to the eligible participants under VBill Share Option Scheme
“VBill Share Option Scheme”	the share option scheme of VBill adopted by VBill, the principal terms of which are set out in the circular of the Company dated 19 January 2018
“%”	per cent.

By order of the Board
HI SUN TECHNOLOGY (CHINA) LIMITED
Hui Lok Yan
Company Secretary

Hong Kong, 16 October 2020

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.