
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hi Sun Technology (China) Limited** (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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;
(2) GRANT OF OPTIONS TO THE GRANTEES;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of the Company to be held at Room 2515, 25/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 10 August 2018 at 10:30 a.m. (“SGM”) is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the SGM or any adjourned meeting if they so wish.

11 July 2018

* For identification purpose only

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DEFINITIONS

In this circular other than the SGM Notice, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“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
“Bye-laws”	the bye-laws of the Company as may be amended from time to time
“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 the Appendix to this circular 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
“Effective Date”	the date on which Megahunt Share Option Scheme becomes unconditional in accordance with the terms of Megahunt Share Option Scheme

DEFINITIONS

“Enlarged Registered Capital”	the maximum registered capital of Megahunt upon exercise of the Options by the Proposed Grantees in full
“Exercise Date”	the date on which the respective Grantee exercises his or her Option in accordance with terms of Megahunt Share Option Scheme
“Exercise Period”	in respect of any particular Option, the period within which the Option must be exercised as determined and notified by the Board of Megahunt to the Grantee at the time of making the offer of the Option, and commencing from the date on which the Option becomes exercisable by the Grantee and ending on the eighth anniversary from the Date of Grant or the date on which such Option ceases to be valid, whichever is earlier
“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
“Individual Limit”	has the meaning as ascribed to it under the paragraph headed “8. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT” in the Appendix to this circular
“Latest Practicable Date”	6 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“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 Scheme Limit”	has the meaning as ascribed to it under the paragraph headed “7. MAXIMUM AMOUNT OF REGISTERED CAPITAL” in the Appendix to this circular
“Megahunt Scheme Mandate Limit”	has the meaning as ascribed to it under the paragraph headed “7. MAXIMUM AMOUNT OF REGISTERED CAPITAL” in the Appendix to this circular
“Megahunt Share Option Scheme”	the share option scheme of Megahunt proposed to be approved by the Shareholders at the SGM, and a summary of its principal terms is set out in the Appendix to this circular
“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

DEFINITIONS

“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”	Ms. Song, Mr. Liu, Mr. Yang and Mr. Li 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 held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 10 August 2018 at 10:30 a.m.
“SGM Notice”	the notice convening the SGM, which is set out on pages SGM-1 to SGM-2 of this circular
“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
“Vesting Day”	in respect of an Option granted to any Proposed Grantee, subject to the terms and conditions of Megahunt Share Option Scheme, the date on which the Option is vested on the Proposed Grantee and becomes exercisable by the Proposed Grantee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

Board of Directors:

Executive Directors:

Mr. CHEUNG Yuk Fung (*Chairman*)

Mr. KUI Man Chun (*Chief Executive Officer*)

Mr. XU Wensheng

Mr. LI Wenjin

Mr. XU Changjun

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-Executive Directors:

Mr. TAM Chun Fai

Mr. LEUNG Wai Man, Roger

Mr. CHANG Kai-Tzung, Richard

Head Office and Principal

Place of Business:

Room 2515, 25th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

11 July 2018

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 4 July 2018 relating to the adoption of Megahunt Share Option Scheme and grant of Options. The purposes of this circular are to provide you with information regarding the resolutions to be proposed at the SGM and to give you notice of the SGM. At the SGM, resolutions relating to the adoption of Megahunt Share Option Scheme and the grant of the Options to certain of the Grantees will be proposed.

* *For identification purpose only*

LETTER FROM THE BOARD

2. 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. 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.

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 Latest Practicable Date, the Registered Capital is HK\$15,000,000. Assuming that there is no change in the Registered Capital between the period from the Latest Practicable Date 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, unless the Company obtains a fresh approval from Shareholders to renew the 10% limit (i.e. 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 (i.e. the Megahunt Scheme Limit).

LETTER FROM THE BOARD

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 is contained in the Appendix to this circular.

Megahunt Share Option Scheme complies with the applicable requirements under Chapter 17 of the Listing Rules. Copies of Megahunt Share Option Scheme will be available for inspection at the Company's head office and principal place of business in Hong Kong at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong from (and including) Wednesday, 11 July 2018, and up to (and including) Friday, 10 August 2018 and at the SGM.

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 Latest Practicable Date, its Registered Capital is HK\$15,000,000. As at the Latest Practicable Date, the Company has no intention or plan to seek separate listing of Megahunt on any stock exchange.

As at the Latest Practicable Date, Megahunt has no subsidiary.

None of the Directors is a trustee of Megahunt Share Option Scheme or has any direct or indirect interests in the trustees.

LETTER FROM THE BOARD

3. 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.

LETTER FROM THE BOARD

Amount of Enlarged Registered Capital subject to the Options

Name of Proposed Grantee	Aggregate Subscription Price (RMB)	Amount of Enlarged Registered Capital subject to the Options (HK\$)	Percentage of the Enlarged Registered Capital (Approximate)
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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

- (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 Exercise Date 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 Latest Practicable Date and upon the exercise of the Options by the Proposed Grantees in full are as follows:

Name of shareholders	As at the Latest Practicable Date		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:	15,000,000	100%	18,000,000	100%

LETTER FROM THE BOARD

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 (i.e. the 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. 4 July 2018). The grant of Options to Mr. Li, Mr. Liu and Mr. Yang exceed the Individual Limit and are therefore subject to 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. 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 Latest Practicable Date 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

4. SGM

The SGM Notice is set out on pages SGM-1 to SGM-2 of this circular. Ordinary resolutions in respect of (1) the adoption of Megahunt Share Option Scheme, and (2) approval for the grant of Options to Mr. Li, Mr. Liu and Mr. Yang, will be proposed at the SGM.

A form of proxy for use at the SGM is enclosed with this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.hisun.com.hk). Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting (as the case may be) if they so wish.

LETTER FROM THE BOARD

Mr. Li, Mr. Liu and Mr. Yang and their respective close associates (or associates if he/she is a connected person) (“**Interested Shareholders**”) shall abstain from voting at the SGM on the corresponding resolutions approving the grant of Options to Mr. Li, Mr. Liu and Mr. Yang (as the case maybe) (i.e. resolutions no. 2, no. 3 and no. 4 as set out in the SGM Notice respectively). As at the Latest Practicable Date, none of Mr. Li, Mr. Liu, Mr. Yang and their respective associates was interested in any Shares.

To the best of the Directors’ knowledge, information and belief, having made reasonable enquiries, save for the Interested Shareholders, if any, as mentioned above, no other Shareholder is required to abstain from voting under the Listing Rules on the ordinary resolutions in respect of (1) the adoption of Megahunt Share Option Scheme, and (2) approval for the grant of Options to Mr. Li, Mr. Liu and Mr. Yang at the SGM.

Record date for determining eligibility to attend and vote

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 of the Company to attend and vote at the SGM will be Monday, 6 August 2018. 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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 6 August 2018.

Voting by poll

Rule 13.39(4) of the Listing Rules requires that all votes of shareholders at a general meeting must be taken by poll except where the chairman of the meeting in good faith decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll for the ordinary resolutions to be put to the vote at the SGM pursuant to Bye-law 66 of the Bye-laws and the Listing Rules. The results of the voting will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.hisun.com.hk) after the SGM pursuant to the Listing Rules.

5. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that (1) the adoption of Megahunt Share Option Scheme, and (2) the grant of Options are in the interests of Megahunt, the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions in connection therewith to be proposed at the SGM.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By Order of the Board
Hi Sun Technology (China) Limited
LI Wenjin
Executive Director

Set out below is a summary of the principal terms and conditions of Megahunt Share Option Scheme.

1. 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 laws having been obtained; and
- (ii) the Shareholders having approved the adoption of Megahunt Share Option Scheme at the SGM.

2. PURPOSE OF THE 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 to 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.

The exercise of the Options shall be subject to the general condition that the Grantee shall have been under full time employment of Megahunt (or its subsidiaries, as the case may be) for at least 5 years on the Exercise Date and the remaining term of employment under his or her employment contract with Megahunt (or its subsidiaries, as the case may be) shall not be less than 12 months from the Exercise Date. In addition, when determining the persons who will be offered Options, the Board of Megahunt will assess on an individual basis and will only offer Options to Participants who, in their opinion, have demonstrated significant value to Megahunt (or its subsidiaries, as the case may be) based on his or her personal attributes and/or historical performance. Furthermore, although it is not a general requirement under the terms of Megahunt Share Option Scheme for any minimum period for which an Option must be held or any performance targets which must be achieved before any Options granted can be exercised, the Board of Megahunt has discretion on a case-by-case basis or generally to impose such conditions, including (i) minimum periods for which an Option must be held; and/or (ii) minimum performance targets that must be reached before the Option can be exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the Board of Megahunt on the Options where appropriate.

In this way, the Board of Megahunt consider that the terms of Megahunt Share Option Scheme can serve the purpose of giving incentives or rewards to the Participants for their contribution or potential contribution to Megahunt, and can encourage such Grantees' ongoing performance towards the business and the value of Megahunt.

3. WHO MAY JOIN

Megahunt Share Option Scheme Participants include any directors or senior management of Megahunt or its subsidiaries.

4. CONDITIONS TO EXERCISE

The exercise of the Options shall be subject to the fulfilment and satisfaction of the following conditions:

- (a) the Grantee shall have been under full time employment of Megahunt (or its subsidiaries, as the case may be) for at least 5 years on the Exercise Date and the remaining term of employment under his or her employment contract with Megahunt (or its subsidiaries, as the case may be) shall not be less than 12 months from the Exercise Date; and
- (b) all necessary approvals, consents, waivers and permits (including but not limited to approval from the relevant regulatory bodies) in respect of the exercise of Options having been obtained by Megahunt and the relevant parties, who shall also ensure that such exercise shall have no adverse effect on the business of Megahunt.

5. ADMINISTRATION OF THE SCHEME

Megahunt Share Option Scheme is to be administered by the Board of Megahunt, and the decisions of the Board of Megahunt shall be final and binding on all parties. The Board of Megahunt shall have the right to (i) interpret and construe the provisions of Megahunt Share Option Scheme, (ii) determine the persons who will be offered Options under Megahunt Share Option Scheme, the terms on which Options are granted, the subscription price upon exercise of Options, subject to paragraph 12, in relation to such Options, (iii) subject to paragraphs 9 and 21, make such adjustments to the terms of Megahunt Share Option Scheme and to the terms of the Options granted under Megahunt Share Option Scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of Megahunt Share Option Scheme.

6. LIFE OF THE SCHEME

The Board of Megahunt is entitled, at any time within 5 years after the Effective Date, to make an offer to any Participant, as the Board of Megahunt may in its absolute discretion select, to take up an Option pursuant to which such Participant may, during the Exercise Period, contribute to the Registered Capital of Megahunt to acquire such equity interest in Megahunt as the Board of Megahunt may determine. The offer shall specify the terms on which the Option is to be granted, including the subscription price, the corresponding percentage Option Interests that may be subscribed for, any vesting period, and may include at the discretion of the Board of Megahunt other terms either on a case by case basis or generally.

After the expiry of the five-year period, no further Options shall be offered, but in all other respects the provisions of Megahunt Share Option Scheme shall remain in full force and effect. Subject to other provisions under Megahunt Share Option Scheme, Options complying with the provisions of Chapter 17 of the Listing Rules that are granted during the life of Megahunt Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the five-year term.

7. MAXIMUM AMOUNT OF REGISTERED CAPITAL

- (a) The overall limit on the Registered Capital which may be contributed by the grantees upon the exercise of all outstanding options granted and yet to be exercised under Megahunt Share Option Scheme and any other share option scheme of Megahunt (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not in aggregate exceed 30% of the Registered Capital of Megahunt from time to time (“**Megahunt Scheme Limit**”).
- (b) 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 approval of Megahunt Share Option Scheme (“**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 Latest Practicable Date and the date of the SGM. Options lapsed in accordance with the terms of Megahunt Share Option Scheme will not be counted for the purpose of calculating the Megahunt Scheme Mandate Limit.

- (c) Subject to (a) above and without prejudice to (d) below, Megahunt may seek approval of the Shareholders in general meeting for refreshing the Megahunt Scheme Mandate Limit under Megahunt Share Option Scheme. However, the total Registered Capital which may be contributed by the grantees upon exercise of all Options to be granted under Megahunt Share Option Scheme as refreshed, and other share option schemes of Megahunt, shall not exceed 10% of the Registered Capital of Megahunt as at the date of the aforesaid approval of Megahunt Scheme Mandate Limit. Options previously granted under Megahunt Share Option Scheme and other share option schemes of Megahunt (including those outstanding, cancelled, lapsed in accordance with its terms or exercised options), will not be counted for the purpose of calculating the limit as refreshed. A circular must be sent to the Shareholders in connection with the meeting at which their approval will be sought.
- (d) Subject to (a) above and without prejudice to (c) above, 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. A circular shall be sent to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the amount of Registered Capital to be enlarged and terms for the Options to be granted and the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose.

8. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

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 (the “**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 such further grant of 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. A circular must be sent to the Shareholders disclosing the identity of such Participant and the number and terms of the Options granted and to be granted. The number and terms (including the subscription price) of Options to be granted to such Participants shall be fixed before Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the date of grant for the purpose of calculating the subscription price under note (1) to Rule 17.03(9) of the Listing Rules.

9. GRANT OF OPTIONS TO CONNECTED PERSONS

Each grant of Options to any Director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of Options). Where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, would result in the Option Interests acquired and to be acquired upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant, representing in aggregate over 0.1% of the Registered Capital, such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). The Grantee, his or her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at such general meeting, and any such person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith and has complied with Rules 13.40 to 13.42 of the Listing Rules. The circular in respect of such further grant shall contain the necessary information specified under Rule 17.04(3) of the Listing Rules.

Any change in the terms of Options granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates must be approved by the independent Shareholders in general meeting.

10. MINIMUM PERIOD TO BE HELD AND PERFORMANCE TARGETS

There is no general requirement under the terms of Megahunt Share Option Scheme for any minimum period for which an Option must be held or any performance targets which must be achieved before any Options granted can be exercised. However, the Board of Megahunt has discretion on a case-by-case basis or generally to impose such conditions, including (i) minimum periods for which an Option must be held; and/or (ii) minimum performance targets that must be reached before the Option can be exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the Board of Megahunt conditions on the Options where appropriate.

11. TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An offer of the grant of the Option may be accepted by a Participant within seven days from the Date of Grant. An Option may be exercised in accordance with and subject to the terms of Megahunt Share Option Scheme at any time during the Exercise Period, or such other period to be determined and notified by the Board of Megahunt to each Grantee, which period may commence from the date on which the Option becomes exercisable by the Grantee and ending on the eighth anniversary from the Date of Grant of such Option, subject to the provisions for early termination, lapse or cancellation thereof.

An offer shall be deemed to have been accepted and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee with the amount which the Grantee accepts to contribute to the Registered Capital in respect of which the offer is accepted clearly stated therein, together with a total remittance in favour of Megahunt of HK\$1.00 by way of consideration for the grant thereof, is received by Megahunt. Such remittance shall not be refundable in any circumstances.

12. SUBSCRIPTION PRICE PAYABLE UPON EXERCISE OF OPTION

The subscription price payable by any Grantee shall be a price to be determined by the Board of Megahunt in its absolute discretion at the time of the grant of the relevant Option with reference to factors which may include the business performance, value of Megahunt and individual performance of the relevant Grantee.

The subscription price shall be paid by the Grantees in cash to Megahunt if and when the Options are exercised.

The subscription price of Options granted in respect of Megahunt after the Company has resolved to seek a separate listing of Megahunt on the Stock Exchange, the GEM of the Stock Exchange or an overseas stock exchange and up to the listing date of Megahunt must be not lower than the new issue price (if any). In particular, any Options granted during the period commencing six months before the lodgement of Form A1 (or its equivalent for listing on the GEM of the Stock Exchange or the overseas stock exchange) up to the listing date of Megahunt are subject to this requirement. For Options granted during such period, the Board of Megahunt will make any necessary adjustment of the subscription price so that the subscription price shall not be lower than the new issue price.

13. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on a Grantee upon occurrence of any of the following events:

- (1) on termination of employment between the Grantee and Megahunt (or its subsidiaries, as the case may be);
- (2) the Grantee, in performance of the duties as a director or senior management of Megahunt (or its subsidiaries, as the case may be), contravenes any of the provisions of the applicable PRC Companies Law or the constitutional documents of Megahunt (or its subsidiaries, as the case may be) or conducts any acts to the significant detriment of Megahunt (or its subsidiaries, as the case may be);
- (3) the Grantee, through his or her obvious misconduct, in performance of the duties as a director or senior management of Megahunt (or its subsidiaries, as the case may be), causes significant loss to Megahunt (or its subsidiaries, as the case may be);

- (4) the Board of Megahunt, in its absolute discretion, considers the Grantee to be directly responsible for any of the financial losses or deterioration of businesses of Megahunt (or its subsidiaries, as the case may be);
- (5) the Grantee is liable for any criminal offence;
- (6) the Grantee is in breach of any laws, the articles of association or any regulations of Megahunt (or its subsidiaries, as the case may be) or his or her relevant employment contract with Megahunt (or its subsidiaries, as the case may be);
- (7) the Grantee is in breach of any rule of Megahunt Share Option Scheme, including any terms stated by the Board of Megahunt in the offer for grant of an Option;
- (8) the expiry of the Exercise Period in respect of such Option; or
- (9) the termination of Megahunt Share Option Scheme by the Board of Megahunt.

14. COVENANTS OF THE GRANTEE

Each Grantee, upon exercise of his or her Option, shall undertake and covenant with the Board of Megahunt such terms and conditions as determined by the Board of Megahunt from time to time as stated in the offer letter.

15. TERMINATION

The Board of Megahunt may at any time terminate the operation of Megahunt Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of Megahunt Share Option Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of Megahunt Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of Megahunt Share Option Scheme.

16. OPTION PERSONAL TO GRANTEE

An Option is personal to the Grantee and shall not be transferable or assignable.

17. RESTRICTIONS ON THE TIME OF GRANT

For so long as the Shares are listed on the Stock Exchange, no offer for grant of Options shall be made after an inside information has come to the knowledge of the Company until the Company has announced such information. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of Option may be made. No Option may be granted during any period of delay in publishing a results announcement.

18. RANKING OF OPTION INTERESTS

The Option Interests acquired by a Grantee upon the exercise of an Option will be subject to all the provisions of the articles of association of Megahunt and will rank *pari passu* in all respects with the equity interests held by other shareholders of Megahunt on the Exercise Date and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. The Option Interests shall only be deemed to carry voting rights until the completion of the registration of the Grantee as a holder of such Option Interests in accordance with all applicable laws.

Where Megahunt cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under Megahunt Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Megahunt Scheme Mandate Limit or the new limits approved by Shareholders pursuant to sub-paragraph 7(c) and (d) above.

19. RIGHTS ON WINDING UP

Subject to the applicable PRC laws, in the event of a resolution being proposed for the winding-up of Megahunt during the Exercise Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to Megahunt at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his or her Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of Megahunt Share Option Scheme and Megahunt shall register such Grantee as holder of the Option Interests therefor in respect of which such Grantee has exercised his or her Option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the Grantee shall accordingly be entitled, in respect of the Option Interests acquired, to participate in the distribution of the assets of Megahunt available in liquidation pari passu with other existing shareholders on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of Megahunt.

20. CANCELLATION OF OPTIONS

The Board of Megahunt shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (i) the Grantee commits or permits or attempts to commit or permit a breach of the paragraph headed “16. OPTION PERSONAL TO GRANTEE” or any terms or conditions attached to the grant of the Option;
- (ii) the Grantee makes a written request to the Board of Megahunt for the Option to be cancelled; or
- (iii) if the Grantee has, in the opinion of the Board of Megahunt, conducted himself or herself in any manner whatsoever to the detriment of or prejudicial to the interests of Megahunt.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board of Megahunt shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

21. AMENDMENT TO MEGAHUNT SHARE OPTION SCHEME

Megahunt Share Option Scheme may be altered in any respect by a resolution of the Board of Megahunt except that the provisions of Megahunt Share Option Scheme as to (i) the definitions of “Participant”, “Grantee” and “Exercise Period”; and (ii) the provisions of Megahunt Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules, shall not be altered to the advantage of the Participants except with the prior approval of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees.

Any alterations to the terms and conditions of Megahunt Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of Megahunt Share Option Scheme. The amended terms of Megahunt Share Option Scheme or the Options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Board of Megahunt or scheme administrators in relation to any alteration to the terms of Megahunt Share Option Scheme shall be approved by the Shareholders in general meeting.

NOTICE OF SGM



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技(中國)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 818)

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of Hi Sun Technology (China) Limited (“**Company**”) will be held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 10 August 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. “**THAT** the rules of the proposed share option scheme of Mega Hunt Microelectronics (Beijing) Limited (“**Megahunt Share Option Scheme**”) (a copy of which has been produced to this Meeting marked ‘A’ and initialled by the chairman of the Meeting for the purpose of identification) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such actions as they deem appropriate to implement, administer and give effect to Megahunt Share Option Scheme.”
2. “**THAT** subject to the passing of resolution no.1, the grant of option to Mr. Li Li pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 11 July 2018, be and is hereby confirmed, approved and ratified.”
3. “**THAT** subject to the passing of resolution no.1, the grant of option to Mr. Liu Zhan-li pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 11 July 2018, be and is hereby confirmed, approved and ratified.”

* *For identification purpose only*

NOTICE OF SGM

4. “**THAT** subject to the passing of resolution no.1, the grant of option to Mr. Yang Lei pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 11 July 2018, be and is hereby confirmed, approved and ratified.”

By Order of the Board of Directors
Hi Sun Technology (China) Limited
Li Wenjin
Executive Director

Hong Kong, 11 July 2018

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting (or any adjournment thereof) (the “**Meeting**”) convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Meeting is enclosed.
- (3) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the Meeting if the member so desires.
- (4) To be valid, a form of proxy must be duly completed and signed in accordance with the instructions printed thereon and lodged, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the principal place of the business of the Company at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
- (5) Record date (being the last date of registration of any share transfer given there will be no book closure) for determining the entitlement of the shareholders of the Company to attend and vote at the Meeting will be Monday, 6 August 2018. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday on 6 August 2018.
- (6) All votings on the resolutions in this notice by the members at the Meeting shall be conducted by poll.

As at the date of this notice, 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.