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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) CANCELLATION OF 2018 OPTIONS;  
(2) AMENDMENT OF MEGAHUNT SHARE OPTION SCHEME;  
(3) GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

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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 Thursday, 27 June 2019 at 11:00 a.m. (“SGM”) is set out on pages SGM-1 to SGM-4 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.

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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:*

“2018 Grantees”	Mr. Li, Mr. Liu, Mr. Yang and Ms. Song collectively
“2018 Options”	Options granted to the 2018 Grantees on 4 July 2018 pursuant to the terms of the Megahunt Share Option Scheme
“2019 Options”	Options granted to the Proposed Grantees as more particularly described under the paragraph headed “4. GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES” in the Letter from the Board in this circular
“associate(s)”	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 authorized 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
“Bye-laws”	the bye-laws of the Company as may be amended from time to time
“close associate(s)”	has the meaning ascribed to it in the Listing Rules
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	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 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

## DEFINITIONS

“Director(s)”	director(s) of the Company
“Enlarged Registered Capital”	the maximum registered capital of Megahunt upon exercise of the Options by the Grantees in full
“Exercise Date”	the date on which the respective Grantee exercises his or her Option in accordance with the 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 tenth anniversary (subject to approval by the Shareholders at the SGM) 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 “4. GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES – Scheme Mandate Limit and Individual Limit” in the Letter from the Board in this circular
“Latest Practicable Date”	3 June 2019, 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 Mandate Limit”	has the meaning as ascribed to it under the paragraph headed “4. GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES – Scheme Mandate Limit and Individual Limit” in the Letter from the Board in this circular
“Megahunt Share Option Scheme”	the share option scheme of Megahunt adopted by Megahunt on 4 July 2018 and approved by the Shareholders on 10 August 2018, the principal terms of which are set out in the circular of the Company dated 11 July 2018, as amended (and if applicable, approved by the Shareholders) from time to time
“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. Xu CJ”	Mr. Xu Changjun, an executive Director, and a Proposed Grantee
“Mr. Xu WS”	Mr. Xu Wensheng, an executive Director, and a Proposed Grantee
“Mr. Yang”	Mr. Yang Lei, the deputy general manager of Megahunt, and a Proposed Grantee
“Ms. Hui”	Ms. Hui Lok Yan, the group financial controller and a joint company secretary of the Company, a director of certain subsidiaries of the Company, and a Proposed Grantee
“Ms. Song”	Ms. Song Jie, a director and the financial controller of Megahunt, and a Proposed Grantee

## DEFINITIONS

“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”	has the meaning as ascribed to it under the paragraph headed “3. AMENDMENT OF MEGAHUNT SHARE OPTION SCHEME” in the Letter from the Board in this circular
“PRC”	the People’s Republic of China
“Proposed Grantees”	Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang, Ms. Hui 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 held at Room 2515, 25th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 27 June 2019 at 11:00 a.m.
“SGM Notice”	the notice convening the SGM, which is set out on pages SGM-1 to SGM-4 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.



**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

*Independent Non-Executive Directors:*

Mr. TAM Chun Fai  
Mr. LEUNG Wai Man, Roger  
Mr. CHANG Kai-Tzung, Richard

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal*

*Place of Business:*  
Room 2515, 25th Floor  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai  
Hong Kong

6 June 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) CANCELLATION OF 2018 OPTIONS;  
(2) AMENDMENT OF MEGAHUNT SHARE OPTION SCHEME;  
AND  
(3) GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES**

**1. INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 4 July 2018 and the circular of the Company dated 11 July 2018 relating to the adoption of Megahunt Share Option Scheme and grant of 2018 Options to the 2018 Grantees; and (ii) the announcement of the Company dated 3 June 2019 relating to the amendment of the Megahunt Share Option Scheme, cancellation of the 2018 Options and the grant of the 2019 Options to the Proposed Grantees.

\* For identification purpose only

## LETTER FROM THE BOARD

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 (i) the amendment of the Megahunt Share Option Scheme; and (ii) the grant of the 2019 Options to the Proposed Grantees will be proposed.

### 2. CANCELLATION OF 2018 OPTIONS

On 4 July 2018, the following 2018 Options were granted to the 2018 Grantees as approved by the Shareholders at the special general meeting of the Company held on 10 August 2018:

<b>2018 Grantees</b>	<b>Amount of Enlarged Registered Capital (HK\$)</b>	<b>Percentage of the Enlarged Registered Capital (Approximate)</b>
Mr. Li	1,800,000	10.00%
Mr. Liu	525,000	2.92%
Mr. Yang	525,000	2.92%
Ms. Song	150,000	0.83%
<b>Total:</b>	<b>3,000,000</b>	<b>16.67%</b>

None of the 2018 Options has been exercised, cancelled or has lapsed since the Date of Grant (being 4 July 2018) and all of such 2018 Options remain outstanding as at the Latest Practicable Date. Pursuant to the terms of the Megahunt Share Option Scheme, the Board of Megahunt shall be entitled 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 when the Grantee makes a written request to the Board of Megahunt for the Option to be cancelled.

On 3 June 2019, pursuant to the terms of Megahunt Share Option Scheme, each of the 2018 Grantees has given his/her written request to the Board of Megahunt to cancel their respective 2018 Options with effect from the date on which the grant of the 2019 Options to them becomes unconditional. No compensation is or will be paid to the 2018 Grantees upon cancellation of the 2018 Options.

### 3. AMENDMENT OF MEGAHUNT SHARE OPTION SCHEME

#### **Reasons and benefits for the amendment**

In order to allow the Board of Megahunt to have more flexibility in the administration of the Megahunt Share Option Scheme and to expand the scope of the Megahunt Share Option Scheme to include persons who have otherwise made contributions to the Group and improve the attractiveness of the Megahunt Share Option Scheme as incentive or reward, the Board of Megahunt proposed to amend the scope of eligible participants who may be granted Options (“**Participants**”) under the Megahunt Share Option Scheme, together with other terms and conditions of the Megahunt Share Option Scheme, as follows:



## LETTER FROM THE BOARD

**Summary of the proposed amendments to the Megahunt Share Option Scheme (the paragraph numbers below refers to the summary of principal terms of the Megahunt Share Option Scheme as set out in the Appendix to the circular of the Company dated 11 July 2018)**

**(a) “(3) WHO MAY JOIN”**

The paragraph headed “(3) WHO MAY JOIN” will be amended and replaced as follows:

“Megahunt Share Option Scheme Participants include the directors or senior management of the Company, Megahunt or its subsidiaries.”

**(b) “(2) PURPOSE OF THE SCHEME”**

The second paragraph under the section headed “(2) PURPOSE OF THE SCHEME” will be amended and replaced as follows:

“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 the Company, 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.”

**(c) “(4) CONDITIONS TO EXERCISE”**

The paragraphs under the section headed “(4) CONDITIONS TO EXERCISE” will be amended and replaced as follows:

“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 the Company, 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 the Company, Megahunt or its subsidiaries (as the case may be) shall not be less than 12 months from the Exercise Date; and

## LETTER FROM THE BOARD

- (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.”

(d) *“(11) TIME OF ACCEPTANCE AND EXERCISE OF OPTION”*

The first paragraph under the section headed “(11) TIME OF ACCEPTANCE AND EXERCISE OF OPTION” will be amended and replaced as follows:

“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 tenth anniversary from the Date of Grant of such Option, subject to the provisions for early termination, lapse or cancellation thereof.”

(e) *“(13) LAPSE OF OPTIONS”*

The paragraphs under the section headed “(13) LAPSE OF OPTIONS” will be amended and replaced as follows:

“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 the Company, Megahunt or its subsidiaries (as the case may be);
- (2) the Grantee, in performance of the duties as a director or senior management of the Company, 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 the Company, Megahunt or its subsidiaries (as the case may be) or conducts any acts to the significant detriment of the Company, 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 the Company, Megahunt or its subsidiaries (as the case may be), causes significant loss to the Company, 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);

## LETTER FROM THE BOARD

- (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 the Company, Megahunt or its subsidiaries (as the case may be) or his or her relevant employment contract with the Company, Megahunt or its subsidiaries (as the case may be);
- (7) the Grantee is in breach of any rules 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.”

Save and except the above proposed amendments, all principal terms of the Megahunt Share Option Scheme remain unchanged and are set out in the circular of the Company dated 11 July 2018. A copy of the amended Megahunt Share Option Scheme with the above proposed amendments incorporated is available for inspection at the principal place of business of the Company in Hong Kong for a period of 14 days before the date of the SGM and at the SGM.

According to note (2) of Rule 17.03 of the Listing Rules and rules of the Megahunt Share Option Scheme, any alterations to the terms and conditions of the Megahunt 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 Megahunt Share Option Scheme. Accordingly, the proposed amendments set out above shall be approved by the Shareholders at the SGM to take effect.

#### **4. GRANT OF 2019 OPTIONS TO THE PROPOSED GRANTEES**

On 3 June 2019, the Board of Megahunt resolved to conditionally grant new Options (i.e. the 2019 Options) to Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang, Ms. Hui and Ms. Song (i.e. the Proposed Grantees) pursuant to the terms of Megahunt Share Option Scheme (as amended). The grant of the 2019 Options is conditional upon the Shareholders having approved the proposed amendments to the Megahunt Share Option Scheme, and the grant of 2019 Options to certain Proposed Grantees is also subject to the approval by the Shareholders at the SGM.

## LETTER FROM THE BOARD

### Details of the grant of Options

#### *Proposed Grantees*

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

Mr. Liu – the technology director of Megahunt

Mr. Xu CJ – an executive Director

Mr. Xu WS – an executive Director

Mr. Yang – the deputy general manager of Megahunt

Ms. Hui – the group financial controller and a joint secretary of the Company, and a director of certain subsidiaries of the Company

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

Each of Mr. Xu CJ and Mr. Xu WS is a Director and is therefore a connected person of the Company. Other than Mr. Xu CJ and Mr. Xu WS, 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*

RMB11.46 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 with reference to the business performance and implied value of Megahunt of approximately RMB172 million. The subscription price of RMB11.46 is the result of RMB172 million divided by 15,000,000 (the Registered Capital of Megahunt). The implied value of RMB172 million is the product of the unaudited net profit of Megahunt of approximately RMB18.7 million for the year ended 31 December 2018 multiplied by a price-to-earning ratio (“**PE ratio**”) of approximately 9.2, which is determined with reference to the PE ratios of certain comparable companies publicly listed in the PRC or Hong Kong engaging in similar business as Megahunt.

#### *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 2019 Options*

<b>Proposed Grantees</b>	<b>Aggregate Subscription Price (RMB)</b>	<b>Amount of Enlarged Registered Capital subject to the 2019 Options (HK\$)</b>	<b>Percentage of the Enlarged Registered Capital (Approximate)</b>
Mr. Li	20,628,000	1,800,000	9.23%
Mr. Liu	6,016,500	525,000	2.69%
Mr. Xu CJ	7,735,500	675,000	3.46%
Mr. Xu WS	8,595,000	750,000	3.85%
Mr. Yang	6,016,500	525,000	2.69%
Ms. Hui	1,719,000	150,000	0.77%
Ms. Song	859,500	75,000	0.38%
<b>Total:</b>	<b><u>51,570,000</u></b>	<b><u>4,500,000</u></b>	<b><u>23.08%</u></b>

### *Vesting Day and Exercise Period of Options*

50% and 50% of the 2019 Options granted to the Proposed Grantees shall be vested on the first and the second anniversary, respectively, from the Date of Grant. Subject to approval of the amendments to the Megahunt Share Option Scheme, the Grantees may exercise his or her 2019 Options within the Exercise Period, which shall be commencing from the respective Vesting Day and ending on (i) the tenth anniversary from the Date of Grant; or (ii) the date on which such 2019 Options cease to be valid, whichever is earlier.

Unless with the prior written consent of the Board of Megahunt and all the shareholders of Megahunt, each Proposed Grantee shall only be entitled to exercise his/her respective 2019 Options 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 2019 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 under the 2019 Options within 2 years of the exercise of the 2019 Options, unless prior written consent of Megahunt HK is obtained.

## LETTER FROM THE BOARD

- (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 at 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 the Company, Megahunt or its subsidiaries (as the case may be) for at least 12 months from the Exercise Date unless the Proposed Grantee is dismissed due to his or her violation of laws, breach of the constitutional documents of the Company, Megahunt or its subsidiaries (as the case may be), obvious wrongful conducts as an employee or otherwise.

## LETTER FROM THE BOARD

- (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.

### **Ranking of Option Interests under the 2019 Options and rights on winding up of Megahunt**

Under the rules of the Megahunt Share Option Scheme, the Option Interests acquired by a Proposed 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 Proposed Grantee as a holder of such Option Interests in accordance with all applicable laws.

Under the rules of the Megahunt Share Option Scheme, 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 Proposed 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 Options (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 Proposed Grantee as holder of the Option Interests therefor in respect of which such Proposed Grantee has exercised his or her Options not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the Proposed 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.

## LETTER FROM THE BOARD

### Shareholding structure of Megahunt

The shareholding structure of Megahunt as at the Latest Practicable Date and upon the exercise of the 2019 Options by the Proposed Grantees in full are as follows:

Name of shareholders	As at the Latest Practicable Date		Upon the exercise of the 2019 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	76.92%
Mr. Li	–	–	1,800,000	9.23%
Mr. Liu	–	–	525,000	2.69%
Mr. Xu CJ	–	–	675,000	3.46%
Mr. Xu WS	–	–	750,000	3.85%
Mr. Yang	–	–	525,000	2.69%
Ms. Hui	–	–	150,000	0.77%
Ms. Song	–	–	75,000	0.38%
<b>Total</b>	<b>15,000,000</b>	<b>100%</b>	<b>19,500,000</b>	<b>100%</b>

### 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. In addition, 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 grantee of Options).

Where Megahunt cancels Options and issues new ones to the same Proposed Grantee, the issue of such new Options may only be made under Megahunt Share



## LETTER FROM THE BOARD

Option Scheme with available unissued Options (excluding the cancelled Options) within the Megahunt Scheme Mandate Limit or the new limits approved by Shareholders.

The Directors (including all the independent non-executive Directors but excluding Mr. Xu CJ and Mr. Xu WS who have abstained from voting) have approved the grant of 2019 Options to Mr. Xu CJ and Mr. Xu WS respectively.

The Date of Grant of the 2018 Options (being 4 July 2018) falls within the 12-month period immediately preceding the Date of Grant of the 2019 Options to the Proposed Grantees and as such, although the 2018 Options would be cancelled on the date on which the grant of the 2019 Options would become unconditional, such 2018 Options will be aggregated with those 2019 Options granted to the Proposed Grantees on 3 June 2019 when calculating the entitlement of the Proposed Grantees under the Megahunt Share Option Scheme.

The percentage of the Registered Capital and the Enlarged Registered Capital when aggregated with the 2018 Options (applicable to the 2018 Grantees only) attributable to Mr. Li (24%), Mr. Liu (7%), Mr. Xu CJ (4.5%), Mr. Xu WS (5%), Mr. Yang (7%) and Ms. Song (1.5%), respectively exceeds the Individual Limit. Therefore, the grant of 2019 Options to Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang and Ms. Song are 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 approval of the Megahunt Share Option Scheme which was 10 August 2018 ("**Megahunt Scheme Mandate Limit**"), being HK\$15,000,000 multiplied by 10% which equals to HK\$1,500,000.

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. 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.

After granting Options to Mr. Xu WS, Mr. Yang, Ms. Hui and Ms. Song whose Option Interest represent in aggregate HK\$1,500,000 of the Registered Capital, the grant of Options to the remaining Proposed Grantees will exceed the Megahunt Scheme Mandate Limit. Therefore, the grant of Options to Mr. Li, Mr. Liu and Mr. Xu CJ exceeding the Megahunt Scheme Mandate Limit are subject to Shareholders' approval at the SGM.

## LETTER FROM THE BOARD

### Reasons for and benefits of the grant of the 2019 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 continued to expand rapidly in 2018 and the annual sales increased by 65% as compared with that for 2017. The Directors are of the view that the Proposed Grantees, being key employees and senior management of the Company or Megahunt, have made substantial contributions to the Company and Megahunt. In addition, the grant of 2019 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 the Company and 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 has any plan to grant further Options in the future.

The Directors (including all the independent non-executive Directors but excluding Mr. Xu CJ and Mr. Xu WS being also the Proposed Grantees) consider that the amendments to the Megahunt Share Option Scheme and the grant of 2019 Options to the Proposed Grantees are in the interests of Megahunt, the Company and the Shareholders as a whole. All the Directors (including the independent non-executive Directors but excluding Mr. Xu CJ and Mr. Xu WS being also Proposed Grantees) have approved the amendments to the Megahunt Share Option Scheme and the grant of the 2019 Options to the Proposed Grantees.

### 5. SGM

The SGM Notice is set out on pages SGM-1 to SGM-4 of this circular. Ordinary resolutions in respect of the approval for amendment of the Megahunt Share Option Scheme and the grant of 2019 Options to Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang and Ms. Song 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](http://www.hkexnews.hk)) and the Company’s website ([www.hisun.com.hk](http://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

Each of Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang and Ms. Song 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 resolution approving the grant of 2019 Options to Mr. Li, Mr. Liu, Mr. Xu CJ, Mr. Xu WS, Mr. Yang and Ms. Song (as the case may be) (i.e. resolutions no. 2 to no. 7 as set out in the SGM Notice).

As at the Latest Practicable Date, Mr. Xu CJ is interested in 16,563,000 Shares and Mr. Xu WS is interested in 4,566,000 Shares. As at the Latest Practicable Date, save as Mr. Xu WS and Mr. Xu CJ, none of the Interested Shareholders is interested in any Shares.

To the best of the Directors’ knowledge, information and belief, having made reasonable enquiries, save for the Interested Shareholders, no other Shareholder is required to abstain from voting under the Listing Rules on the ordinary resolutions contained in the SGM Notice.

### **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 to attend and vote at the SGM will be Friday, 21 June 2019. 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 Friday, 21 June 2019.

### **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](http://www.hkexnews.hk)) and the Company’s website ([www.hisun.com.hk](http://www.hisun.com.hk)) after the SGM pursuant to the Listing Rules.

## LETTER FROM THE BOARD

### 6. RECOMMENDATIONS

The Directors (including all the independent non-executive Directors but excluding Mr. Xu CJ and Mr. Xu WS who are the Proposed Grantees) consider that the amendment of the Megahunt Share Option Scheme and the grant of the 2019 Options to the Proposed Grantees are in the interests of Megahunt, the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions in connection therewith to be proposed at the SGM.

### 7. 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 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.

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



## 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 Thursday, 27 June 2019 at 11:00 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 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 amended as follows:

The paragraph headed “4. WHO MAY JOIN” will be amended and replaced as follows:

“The Scheme Participants include the directors or senior management of Hi Sun, Megahunt or its subsidiaries.”

The second paragraph under the section headed “3. PURPOSE” will be amended and replaced as follows:

“When determining the persons who will be offered Options, the Board will assess on an individual basis and will only offer Options to Participants who, in their opinion, have demonstrated significant value to Hi Sun, the Company 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 the 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 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 on the Options where appropriate.”

\* For identification purpose only

## NOTICE OF SGM

The paragraphs under the section headed “5. CONDITIONS TO EXERCISE” will be amended and replaced as follows:

“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 Hi Sun, the Company 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 Hi Sun, the Company 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 the Company and the relevant parties, who shall also ensure that such exercise shall have no adverse effect on the business of the Company.”

The paragraph 12.01 under the section headed “12. TIME OF ACCEPTANCE AND EXERCISE OF OPTION” will be amended and replaced as follows:

“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 the Scheme at any time during the Exercise Period, or such other period to be determined and notified by the Board to each Grantee, which period may commence from the date on which the Option becomes exercisable by the Grantee and ending on the tenth anniversary from the Date of Grant of such Option, subject to the provisions for early termination, lapse or cancellation thereof.”

The paragraphs under the section headed “14. LAPSE OF OPTIONS” will be amended and replaced as follows:

“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 Hi Sun, the Company or its subsidiaries (as the case may be);
- (2) the Grantee, in performance of the duties as a director or senior management of Hi Sun, the Company or its subsidiaries (as the case may be) contravenes any of the provisions of the applicable PRC Companies Law or the constitutional documents of Hi Sun, the Company or its subsidiaries (as the case may be) or conducts any acts to the significant detriment of Hi Sun, the Company or its subsidiaries (as the case may be);

## NOTICE OF SGM

- (3) the Grantee, through his or her obvious misconduct, in performance of the duties as a director or senior management of Hi Sun, the Company or its subsidiaries (as the case may be), causes significant loss to Hi Sun, the Company or its subsidiaries (as the case may be);
- (4) the Board, in its absolute discretion, considers the Grantee to be directly responsible for any of the financial losses or deterioration of businesses of the Company 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 Hi Sun, the Company or its subsidiaries (as the case may be) or his or her relevant employment contract with Hi Sun, the Company or its subsidiaries (as the case may be);
- (7) the Grantee is in breach of any rules of the Scheme, including any terms stated by the Board 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 the Scheme by the Board.”

and the above amendment to the Megahunt Share Option Scheme be and is hereby approved and adopted and any one director of the Company be and is hereby authorised to do all such acts and execute such documents as may be necessary, desirable or expedient in order to give full effect to the amendment to the 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 6 June 2019, 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 6 June 2019, be and is hereby confirmed, approved and ratified.”
4. “**THAT** subject to the passing of resolution no.1, the grant of option to Mr. Xu Changjun pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 6 June 2019, be and is hereby confirmed, approved and ratified.”

## NOTICE OF SGM

5. “**THAT** subject to the passing of resolution no.1, the grant of option to Mr. Xu Wensheng pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 6 June 2019, be and is hereby confirmed, approved and ratified.”
6. “**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 6 June 2019, be and is hereby confirmed, approved and ratified.”
7. “**THAT** subject to the passing of resolution no.1, the grant of option to Ms. Song Jie pursuant to Megahunt Share Option Scheme, details of which are set out in the circular of the Company dated 6 June 2019, be and is hereby confirmed, approved and ratified.”

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

6 June 2019

*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 Friday, 21 June 2019. 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 Friday, 21 June 2019.
- (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.*