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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 29 June 2021, it has resolved to adopt the Scheme, pursuant to which existing Shares may be purchased by the Trustee from the market and/or off the market by utilising the funds allocated by the Board out of the Company's resources and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the Scheme Rules. For the avoidance of doubt, no new Share(s) will be issued and allotted by the Company pursuant to the Scheme.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

PRINCIPAL TERMS OF THE SCHEME

(1) Purpose and Objective

The purpose and objective of the Scheme is: (i) to recognize and reward the contribution of certain Eligible Participants to the growth and development of the Group and to provide incentives in order to retain them for continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

(2) Term

The Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Award may be made but the Scheme Rules shall remain in full force and effect to the extent necessary to give effect to any Awards made prior to such expiry and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

* *For identification purpose only*

(3) Eligible Participants

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board's sole opinion as to his contribution, future contribution to the development and growth of the Group and/or any other factors that the Board may decide. The Eligible Participants include (i) any Employee of the Group or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity; (iii) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and (iv) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

(4) Scheme Limit

The maximum number of Shares that may be purchased by the Trustee for the purpose of the Scheme shall be no more than 277,683,383 Shares in aggregate, representing 10% of the total number of issued Shares of the Company as at the Adoption Date.

(5) Administration and Operation

The Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice (i) the powers of the Trustee as provided under the Trust Deed; and (ii) the powers of the Remuneration Committee or any other committee with proper authority on recommending and/or deciding the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under the Scheme.

The Board shall, in accordance with the Scheme Rules, be entitled to, at any time during the continuation of the Scheme, make an award out of the Shares Pool to any of the Eligible Participants (excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board shall, subject to the Maximum Shares Threshold and the Maximum Shares Per Selected Participant Threshold, determine pursuant to the Scheme.

The Board shall notify the Trustee by an Award Notice upon the making of an Award under the Scheme together with, among other matters, (i) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Award; (ii) the Earliest Vesting Date and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant; and (iii) the condition(s) and/or performance target(s), if any, that must be attained or satisfied by the relevant Selected Participant before the Awarded Shares may be transferred to and vested in such Selected Participant.

The Board shall notify the Selected Participant in writing after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice. An Award shall be deemed to be irrevocably accepted by a Selected Participant on the date of notice notifying such Selected Participant of an Award upon signing and returning an acknowledgement and payment of HK\$1.00 by such Selected Participant.

Upon the receipt of an Award Notice, the Trustee shall set aside from the Shares Pool the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates. The Trustee shall hold the Awarded Shares so set aside during the Vesting Period in accordance with the terms of the Trust Deed.

Pursuant to the Scheme Rules, the Trustee may purchase existing Shares, via on-market and/or off-market transactions, using funds allocated by the Board out of the Company's resources. In the event that the Trustee effects any purchases by on-market transactions, the Trustee shall purchase existing Shares at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board). In the event that the Trustee effects any purchases by off-market transactions, the purchase price shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five (5) preceding trading days on which the Shares were traded on the Stock Exchange.

(6) Vesting of Awarded Shares

Subject to any general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner being made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror) becoming or being declared unconditional prior to the vesting of the Awarded Shares and lapsing of an Award as provided in the section headed "(7). Lapse of Award" of this announcement, the Trustee shall transfer and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of: (i) the Earliest Vesting Date as specified in the Award Notice to which such Award relates; (ii) (the receipt by the Trustee of the requisite information and documents stipulated by the Trustee; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or satisfied by such Selected Participant as specified in the related Award Notice have been attained or satisfied and notified to the Trustee by the Board in writing.

In respect of a Selected Participant who (i) died, (ii) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date or, (iii) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Group or the Invested Entity), all the Awarded Shares of the Selected Participant shall be deemed to be vested on him (i) on the day immediately prior to his death, (ii) on the day immediately prior to his normal retirement date or, (iii) on the day immediately prior to his earlier retirement date, respectively.

(7) Lapse of Award

In the event that a Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group or the Invested Entity, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.

In the event (i) a Selected Participant ceases to be an Employee other than death or retirement as provided in the section headed “(6) Vesting of Awarded Shares” of this announcement, or (ii) the Subsidiary or Invested Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant as provided in the section headed “(6) Vesting of Awarded Shares” of this announcement, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Invested Entity of the Company (or of a member of the Group), or (iii) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than a Selected Participant who is an Employee) that (a) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group or any Invested Entity on the other part as the Board may in its absolute discretion determine; or (b) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Invested Entity by reason of the cessation of its relationship with the Group or its Invested Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of “**Total Lapse**”), the Award shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) (subject to other requirements in the event of the death of a Selected Participant) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Trustee at its sole and absolute discretion having to all relevant circumstances) for the relevant Awarded Shares within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out in the Scheme Rules or on such other dates as provided in or determined in accordance with the Scheme Rules) (each of these, an event of “**Partial Lapse**”), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

(8) Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares).

(9) Termination

The Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Upon termination of the Scheme:

- (i) Subject to the decision of the Board and in the event that the Selected Participant died or retired as provided in the section headed “(6) Vesting of Awarded Shares” of this announcement, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of the Total Lapse;
- (ii) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee, within twenty-one (21) Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Board may otherwise determine);
- (iii) Residual Cash, net proceeds of sale referred to in the preceding paragraph (ii) above, and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any such Shares as described in the preceding paragraph (ii) above whatsoever (other than such interest in the proceeds of sale of the same).

LISTING RULES IMPLICATIONS

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders’ approval is required to adopt the Scheme.

In the event that the Board selects a Director as a Selected Participant for the Scheme, the grant of the Awarded Shares to a Director pursuant to the Scheme may constitute a connected transaction under Chapter 14A of the Listing Rules. However, if the grant of Awarded Shares to a Director forms part of the Director’s remuneration under his service contract, such grant will therefore be fully exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rules 14A.73(6) and 14A.95 of the Listing Rules.

DEFINITIONS

“Adoption Date”	29 June 2021, being the date on which the Board adopted the Scheme.
“Award”	a provisional award of the Awarded Shares made in accordance with the Scheme Rules.
“Award Notice”	the notice to be sent to the Trustee upon the making of an Award containing the particulars as provided in the section headed “(5) Administration and Operation” of this announcement.
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award.
“Board”	the board of directors of the Company, such committee or such sub-committee of person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme.
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities.
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 818).
“Director(s)”	the director(s) of the Company for the time being or the member (s) of a duly authorised committee thereof.
“Earliest Vesting Date”	the earliest date on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant as specified in the Award Notice.
“Eligible Participant(s)”	any person belonging to the following classes of participants: <ul style="list-style-type: none">(a) any Employee;(b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;(c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and(d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

“Employee”	any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity.
“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the Scheme Rules is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person.
“Further Shares”	Shares purchased by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“Group”	the Company and the Subsidiaries.
“Invested Entity”	any entity in which any member of the Group holds any equity interest.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time.
“Maximum Shares Per Selected Participant Threshold”	the maximum number of Shares which may be subject to an award or awards to a Selected Participant not exceeding in aggregate 1.5% of the issued share capital of the Company as at the Adoption Date.
“Maximum Shares Threshold”	the maximum number of Shares which may be purchased by the Trustee for the purpose of the Scheme, being 277,683,383 Shares in aggregate, representing 10% of the total issued Shares of the Company as at the Adoption Date.
“Remuneration Committee”	the remuneration committee of the Board for the time being.
“Residual Cash”	being cash remaining in the trust fund in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and sale proceeds which have not been applied in the acquisition of Further Shares).
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Scheme Rules (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares.

“Scheme”	the share award scheme constituted by the Scheme Rules adopted by the Board, in its present form or as amended from time to time in accordance with the Scheme Rules.
“Scheme Rules”	the rules relating to the Scheme adopted by the Board, in its present form or as amended from time to time in accordance with provisions thereof.
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award.
“Shares”	ordinary shares of HK\$0.0025 each in the capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation.
“Shares Pool”	a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed.
“Shareholder(s)”	the holder(s) of Share(s).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere.
“Trust”	the trust constituted by the Trust Deed.
“Trust Deed”	the trust deed dated 29 June 2021 and entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time.
“Trustee”	Tricor Trust (Hong Kong) Limited, or such other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed.

“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award in accordance with the Scheme Rules.
“Vesting Period”	in relation to any Selected Participant, the period commencing on the date on which the Board has resolved to make a provisional Award of Awarded Shares to a Selected Participant and ending on the Vesting Date (both dates inclusive).
“%”	per cent.

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

Hong Kong, 29 June 2021

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