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LAUNCH

深圳市元征科技股份有限公司

LAUNCH TECH COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2488)

(I) PROPOSED RESTRICTED SHARE INCENTIVE SCHEME;

AND

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

I. PROPOSED RESTRICTED SHARE INCENTIVE SCHEME

The Board hereby announces that, on 31 March 2020, the Board has resolved to propose the adoption of the Scheme to further improve corporate governance structure of the Company, establish and perfect the long-term incentive and constraint mechanism and fully mobilize the potentials and vitality of talents. Pursuant to the Scheme, the Board shall select the Scheme Participants and determine the number of Restricted Shares to be granted. The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to (1) the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), the requirements on the notice period of the general meeting, shareholders' proposal right and convening procedures for joint stock limited companies incorporated in China and listed overseas shall be unified and governed by the relevant regulations under the Company Law of the People's Republic of China, instead of the regulations under Articles 20 to 22 of the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》); and (2) the Decision of the Standing Committee of the National People's Congress on the amendments to the Company Law of the People's Republic of China (the fourth amendment) (《全國人民代表大會常務委員會關於修改〈中華人民共和國公司法〉的決定》(第四次修正)) approved in the thirteenth session of the Standing Committee of the National People's Congress in the sixth meeting, the relevant provisions on shares repurchase under the Company Law of the People's Republic of China shall be amended.

In view of the changes in the regulatory requirements and in light of the actual situations of the Company, the Board hereby announces the Proposed Amendments of the Articles of Association.

This announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules.

SGM

Shareholders' approval will be sought at the SGM to approve, among other things, by ordinary resolutions, (i) the proposed adoption of the Scheme; (ii) the authorization to the Board to implement the Scheme as well as to approve grants of the Restricted Shares under the Scheme to the Scheme Participants from time to time, and by special resolution, (iii) the Proposed Amendments. A circular containing, among other things, details of the Scheme and details of the Proposed Amendments will be despatched to the Shareholders in due course for, among others, their consideration, discretionary approval and grant of authorization with respect to the above matters at the general meeting to be convened.

I. PROPOSED RESTRICTED SHARE INCENTIVE SCHEME

The Board hereby announces that, on 31 March 2020, the Board has resolved to propose the adoption of the Scheme to further improve corporate governance structure of the Company, establish and perfect the long-term incentive and constraint mechanism and fully mobilize the potentials and vitality of talents. Pursuant to the Scheme, the Board shall select the Scheme Participants and determine the number of Restricted Shares to be granted. The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board and the Grant Price shall be payable by the Company.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

As at the date of this announcement, the Company has not granted any Restricted Shares under the Scheme.

SUMMARY OF THE SCHEME

The summary of the Scheme rules are set out as follows:

(1) Purpose

The Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the interests of employees and the Shareholders as well as the interests of investors and the Company as a whole, and forming a good and balanced value distribution system; (ii) establishing benefits and risk sharing mechanisms for the Shareholders, the Company and employees, avoiding short-term behavior, and promoting the Company's performance improvement and long-term stable development; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company and reinforcing the long-term sustainable talent base for the Company.

(2) Scope of Scheme Participants

The Scheme Participants shall include the Directors, senior management and core technical and management personnel of the Group who, as determined by the Board, contribute directly to the overall business performance and sustainable development of the Company.

A person shall not be considered or eligible as a Scheme Participant if the Scheme Participant:

- (i) is an independent non-executive Director, a Shareholder of the Company individually or in aggregate holding over 5% of the shares of the Company or the de facto controller of the Company and their spouses, parents or children;
- (ii) has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last three years;
- (iii) has been imposed with administrative penalties by securities regulatory institutions during the last three years due to material non-compliance of laws or regulations;
- (iv) is prohibited from acting as a Director or a member of the senior management of the Company as required by the PRC Company Law;
- (v) is prohibited from participating in share incentive schemes as required by laws and regulations; or

(vi) has committed other material violation of relevant requirements of the Company or caused material damage to the interest of the Company as determined by the Board.

Should any of the circumstances prohibiting participation in the Scheme applies to a Scheme Participant during the implementation of the Scheme occur, the Restricted Shares which have not been unlocked shall lapse and his participation in the Scheme shall be terminated. Any unlocked Restricted Shares shall be reverted to the Trustee and be made available for regrant to other Scheme Participants.

The Board shall have the right to determine the list of Scheme Participants and the number of Restricted Shares to be granted to each Scheme Participant. In the event that a Scheme Participant becomes ineligible after being granted the Restricted Shares, subject to the aforesaid, all rights granted under the Scheme shall lapse immediately and automatically without compensation.

(3) Restricted Shares

The Trustee shall purchase from the secondary market such designated number of H Shares as instructed by the Board.

(4) Duration

The Scheme will be effective for a term of ten years commencing from the adoption date, i.e. the date of the Scheme is approved by the Shareholders at the SGM, unless early terminated by relevant requirements of the Scheme. Subject to the circumstances which may occur to the Company, which would cause the termination of the Scheme as set out in the paragraph headed "Termination", the early termination of the Scheme shall not affect the subsisting rights of any Scheme Participant thereunder.

(5) Quantity of Grant, Grant Date and Interval of Grant

Maximum Grant

The maximum total number of Restricted Shares to be granted under the Scheme shall not exceed 5% of the total issued share capital of the Company as at the date of approval of the Scheme by the Shareholders at the SGM.

Grant Date

The Grant Date shall be determined by the Board through meetings as appropriate after the Scheme is considered and approved by the Shareholders at the SGM and the conditions for Grant are fulfilled.

The Grant Date must be a trading day the determination of which shall comply with the relevant regulatory rules including, among others, the Listing Rules and should not post any significant risks (including but not limited to compliance risk) on the Company.

Interval of Grant

Upon fulfilment of the prescribed conditions Under the Scheme for the Grant, the Grant will be conducted by the Board as and when appropriate.

(6) Conditions for Grant and Grant Price

Conditions of Grant

The Company may grant the Restricted Shares to the Scheme Participants under the Scheme conditional upon fulfilment of the following conditions by the Company and the Scheme Participants:

- (a) none of the following specified events has occurred in relation to the Company, including the issuance of a negative opinion or inability to provide an opinion by the auditor of the Company on the audit reports of the Company; and any material dispute on the Company's results or financial reports by the supervisory committee of the Company; and
- (b) none of specified events or matters involving the Scheme Participant, which relate to his/her qualification as a Scheme Participant has occurred.

Grant Price

The Grant Price of the Restricted Shares shall be nil. In other words, the purchase money of the Restricted Shares shall be borne by the Company.

(7) Lock-up Period, Unlocking Period and Conditions of Unlocking

Lock-up Period

The Lock-up Period shall be for a period of 12 months, commencing from the Grant Date of the Restricted Shares. During the Lock-up Period, the Restricted Shares granted to the Scheme Participants shall not carry voting rights, shall not be entitled to dividend and rights of allotment and shall not be transferred, used as collateral or used for debt repayment. Bonus shares, conversion of capital reserve into new shares, allotment shares and shares placed to original Shareholders through additional offering granted to Scheme Participants as a result of the Restricted Shares shall be subject to Lock-up Period simultaneously and shall not be disposed in secondary market or otherwise be transferred. The Lock-up Period of such shares shall be the same as that of the Restricted Shares.

Unlocking Period

The Unlocking Period shall be 12 months to 48 months from the granting of the Restricted Shares, including the Lock-up Period. Subject to the fulfilment of the Unlocking Conditions as set out in the Scheme during the Unlocking Period, the Restricted Shares granted shall be unlocked in three tranches.

Unlocking Arrangement

Unlocking Arrangement	Unlocking Time	Unlocking Percentage
First Unlocking Period	From the first trading day after 12 months from the Grant Date and ending on the day which is the last trading day within 24 months	30%
Second Unlocking Period	From the first trading day after 24 months from the Grant Date and ending on the day which is the last trading day within 36 months	30%
Third Unlocking Period	From the first trading day after 36 months from the Grant Date and ending on the day which is the last trading day within 48 months	40%

Conditions for Unlocking

Unlocking of the Restricted Shares granted to a Scheme Participant under the Scheme shall be conditional upon fulfilment of the following conditions by the Company and the Scheme Participants:

Conditions for Unlocking for the Company

- (i) The specific requirements for the unlocking conditions for each stage of the Unlocking Period on the part of the Company will be based on the Company's performance level in terms of percentage increase of revenue and net profit for each stage of the Unlocking Period, the extent of which shall be determined by the Board on the actual conditions of the Company and the changes in market conditions. Unlocking would be conditional upon the satisfaction of all the specified performance assessment indicators for each stage of the Unlocking Period.
- (ii) None of the events or circumstances prescribed in the Scheme which may lead to termination of the Scheme has occurred.

Conditions for Unlocking for the Scheme Participants

- (i) The specific requirements for the unlocking conditions for each stage of the Unlocking Period on the part of the Scheme Participants are specifically set out in the Scheme, which are based on the annual performance assessment results of the Scheme Participants for the financial year prior to each stage of the Unlocking Period. Unlocking would be conditional upon achieving such competence or above in individual performance appraisal as required for each Scheme Participant.
- (ii) No Scheme Participant is under any circumstances, or no event has occurred, which extinguish or terminate the right and qualification of participation of the Scheme Participant in the Scheme.

If the conditions for unlocking are not satisfied, the Restricted Shares of the corresponding proportion for the year (the “Lapsed Shares”) shall not be unlocked and shall automatically lapse forthwith. The Lapsed Shares shall be reverted to the Trustee, and shall be made available for regrant to other Scheme Participants.

(8) Restrictions

A Grant or, as the case may be, any instruction of the Board to the Trustee to acquire Restricted Shares may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules (“**Model Code**”) or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Grant may be made.

Furthermore, the Board may not make a Grant to a Selected Participant who is a connected person during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

(9) Termination

If any of the following circumstances occurs to the Company, the Scheme will be terminated, the unlocked Restricted Shares shall not be dealt with, and the locked and outstanding Restricted Shares shall lapse. The Lapsed Shares shall be reverted to the Trustee.

- (i) the issue of audit report on the Company’s financial and accounting report for the most recent accounting year by the certified public accountant in which it gives a qualified opinion or indicates the inability to give an opinion;

- (ii) the imposition of administrative penalties by the securities regulatory authorities or other competent departments due to material non-compliance; or
- (iii) prohibition from implementation of share incentive schemes by laws and regulations.

If any of the following circumstances occurs to the Scheme Participants, the unlocked Restricted Shares shall not be dealt with except in item (iv) where the Company has the right to reclaim all or part of his benefits obtained from unlocked Restricted Shares based on the severity of the situations, and the locked and outstanding Restricted Shares shall lapse. The Lapsed Shares shall be reverted to the Trustee, and shall be made available for regrant to other Scheme Participants.

- (i) the Scheme Participant resigns during the term of the contract;
- (ii) the Scheme Participant is no longer within the scope under the Scheme due to his demotion for the reasons of failure to reach the passing grade in performance appraisal, negligence or incompetence in performing his duties;
- (iii) the occurrence of circumstances prescribed in the Scheme under which the Scheme Participant is prohibited from participating in the Scheme; or
- (iv) the Scheme Participant has change in his work position due to the acceptance and solicitation of a bribe, corruption, theft, divulgence of the operational and technological secrets of the Company, has actions which are prejudicial to the Company's interests or breach of laws or reputations, related party transactions, all of which infringe the benefits and reputation of the Company and bring material adverse effect to the image of the Company, or the Company terminates his employment for any of the above reasons.

If any of the following occurs in relation to the Scheme Participant, the unlocked Restricted Shares shall be processed according to the Scheme, and the locked and outstanding Restricted Shares shall lapse. The Lapsed Shares shall be reverted to the Trustee, and shall be made available for regrant to other Scheme Participants.:

- (i) the Scheme Participant resigns after the term of the contract;
- (ii) the Scheme Participant resigns not due to injury on duty or loss of ability to work;
- (iii) the Scheme Participant resigns passively due to reasons such as layoff by the Company and the Company not to renew his labour contract after expiry and does not fail in the performance appraisal or commit misconduct or breach of laws and disciplines;
- (iv) the Scheme Participant passes away;
- (v) the Scheme Participant resigns due to injury on duty or loss of ability to work;

(vi) the Scheme Participant acts as an independent non-executive Director or other positions due to dispatch that cannot hold the Restricted Shares of the Company; or

(vii) the Scheme Participant retires due to reaching the statutory retirement age.

When the Company or the Scheme Participant has other circumstances not specified above, the general meeting of the Company shall authorize the Board to deal with the Restricted Shares held by them on a fair basis and as the Board would think fit.

(10) Amendment to the Scheme

The Board can revise the rules of the Scheme as it considers necessary in accordance with laws and regulations. If the rules of the Scheme differ from the requirements of relevant laws, regulations, agreements or the Stock Exchange, or the requirements of relevant laws and regulations are modified, requirements of relevant laws and regulations shall prevail. If approvals from the general meeting of the Company or regulatory authorities including the Stock Exchange are required for any amendments to the Scheme rules according to laws and regulations, the Board shall duly obtain such approvals in respect of those amendments to the Scheme.

AUTHORIZATION TO THE BOARD

The Board proposed to grant the following authorization to the Board to act as the executive body of the Scheme and be responsible for its implementation and administration upon seeking approval from the Shareholders at the SGM.

- (i) to grant Restricted Shares to the Scheme Participants upon fulfilment of grant conditions by the Company and the Scheme Participants, and to deal with all matters necessary for the grant of Restricted Shares;
- (ii) to formulate the unlocking conditions of the Restricted Shares, to examine and verify if the Company and the Scheme Participants fulfil the unlocking conditions of Restricted Shares, and to deal with all matters necessary for the unlocking for the Scheme Participants;
- (iii) to adjust the number and price of Restricted Shares pursuant to the provisions of the Scheme upon conversion of capital reserve into shares, issue of bonus shares, share subdivisions, share consolidation, share allotment, share reduction or rights issue or issuance of additional shares as stated under the Scheme;
- (iv) to handle the matters in relation to the unlocked or outstanding Restricted Shares pursuant to the provisions of the Scheme if special circumstances stated under the Scheme, such as resignation, retirement, work adjustment, disqualification in appraisal, dismissal and death occurs to the Scheme Participants;

- (v) to decide pursuant to the provisions of the Scheme whether to recover the gains of the Scheme Participants from unlocking the Restricted Shares;
- (vi) to determine the adjustment, suspension and termination of the Scheme and to obtain the relevant approvals where such approvals from the general meeting and/or relevant regulatory authorities are required for such adjustment as stipulated by laws, regulations or relevant regulatory authorities;
- (vii) to interpret the Scheme and formulate specific implementation rules;
- (viii) to sign, execute, amend and terminate all documents relating to the Scheme, go through all procedures relevant to the Scheme and conduct all such actions as it considers necessary, expedient or desirable to give effect to the Scheme;
- (ix) to engage Trustee, bank(s), accountant(s), lawyer(s), consultant(s) and other professional institutions for the purpose of the Scheme; and
- (x) to administer other matters necessary for the Scheme.

THE LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Pursuant to the Scheme, the Company shall pay the whole of the purchase money for acquiring H Shares by the Trustee at the secondary market for the relevant Scheme Participants. Accordingly, if the Board selects a Director (other than an independent non-executive Director) as a Scheme Participant, the grant of the Restricted Shares may constitute a connected transaction. However, given that the grant of Restricted Shares to a Director will form part of the remuneration of the relevant Director under his service contract, such grant of Restricted Shares will be exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.95 of the Listing Rules.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to (1) the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), the requirements on the notice period of the general meeting, shareholders' proposal right and convening procedures for joint stock limited companies incorporated in China and listed overseas shall be unified and governed by the relevant regulations under the Company Law of the People's Republic of China, instead of the regulations under Articles 20 to 22 of the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》); and (2) the Decision of the Standing Committee of the National People's Congress on the amendments to the Company Law of the People's Republic of China (the fourth amendment) (《全國人民代表大會常務委員會關於修改〈中華人民共和國公司法〉的決定》(第四次修正)) approved in the thirteenth session of the Standing Committee of the National People's Congress in the sixth meeting, the relevant provisions on shares repurchase under the Company Law of the People's Republic of China shall be amended.

In view of the changes in the regulatory requirements and in light of the actual situations of the Company, the Board hereby announces the Proposed Amendments of the Articles of Association.

This announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules.

The specific amendments are as follows:–

Article number	Existing article	Amended article
Article 1	<p>The company is a joint stock limited company (hereinafter referred to as the “Company”) incorporated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council (hereinafter referred to as the “Special Regulations”) and other relevant laws and standards of administrative regulations of China. As approved by the document (Shen Fu Letter No. [2001]16) of Shenzhen People’s Government, the Company was incorporated by way of promotion and proceeded with the registration for alteration with Shenzhen Administration for Industry and Commerce on 1 June 2001 and obtained the business licence. Its current business licence number is 914403002794287320</p>	<p>The company is a joint stock limited company (hereinafter referred to as the “Company”) incorporated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council (hereinafter referred to as the “Special Regulations”), <u>the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies</u> and other relevant laws and standards of administrative regulations of China. As approved by the document (Shen Fu Letter No. [2001]16) of Shenzhen People’s Government, the Company was incorporated by way of promotion and proceeded with the registration for alteration with Shenzhen Administration for Industry and Commerce on 1 June 2001 and obtained the business licence. Its current business licence number is 914403002794287320.</p>

<p>Article 30</p>	<p>Under the following circumstances, the Company shall, by way of the procedure prescribed by the Articles of Association, report to the relevant authority in China for approval to repurchase its shares in issue:</p> <ol style="list-style-type: none"> (1) Share cancellation for the purpose of reducing the capital of the Company; (2) Merger with the other company holding the shares of the Company; (3) Other circumstances permitted by the laws or administrative regulations 	<p>Under the following circumstances, the Company shall, by way of the procedure prescribed <u>by laws and regulations and</u> the Articles of Association, report to the relevant authority in China for approval to repurchase its shares in issue:</p> <ol style="list-style-type: none"> (1) Share cancellation for the purpose of reducing the capital of the Company; (2) Merger with the other company holding the shares of the Company; <u>(3) utilizing shares in the employee share ownership scheme or for share incentive;</u> <u>(4) acquiring shares held by shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;</u> <u>(5) utilizing shares to satisfy the conversion of corporate bonds which are convertible into shares issued by the listed company;</u> <u>(6) safeguarding the corporate value and the shareholders' interests as the listed company deems necessary;</u> (7) Other circumstances permitted by the laws or administrative regulations. <p><u>Acquisition of the Company's shares under circumstances specified in item (1) and item (2) of this Article shall be subject to the resolution of the general meeting. Acquisition of the Company's shares under circumstances specified in items (3), (5) and (6) of this Article shall be subject to approval by way of resolution at the Board meeting attended by a two-thirds majority of the Directors.</u></p>
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<p>Article 34</p>	<p>After the repurchase of shares by the Company according to the laws, the Company shall cancel the shares repurchased within the period prescribed by laws and administrative regulations and shall apply to the original company registration authority for registration of alteration of its registered capital.</p> <p>The total par value of the cancelled shares shall be deducted from the registered share capital of the Company. After completion of reduction of capital and registration of alteration of its registered capital the Company shall publicly announce the same.</p>	<p><u>After the repurchase of shares by the Company, it shall cancel the shares acquired under the circumstance specified in item (1) within 10 days after the acquisition; transfer or cancel the shares under the circumstances specified in items (2) and (4) within 6 months after the acquisition. In case of the circumstances specified in items (3), (5) and (6), the total shares of the Company held by the Company itself shall not exceed 10% of its total shares in issue and shall be transferred or cancelled within 3 years after the acquisition.</u></p> <p><u>After the repurchase of shares of the Company under the circumstances specified in items (3), (5) and (6) of Article 30 of the Articles of Association, it shall be conducted through open centralized trading.</u></p> <p>After the repurchase of shares by the Company according to the laws, the Company shall cancel the shares repurchased within the period prescribed by laws and administrative regulations and shall apply to the original company registration authority for registration of alteration of its registered capital.</p> <p>The total par value of the cancelled shares shall be deducted from the registered share capital of the Company. After completion of reduction of capital and registration of alteration of its registered capital the Company shall publicly announce the same.</p> <p><u>Where the laws, regulations and any other provisions of the relevant requirements of the Securities Regulatory Authority in the place where the Company's shares are listed in respect of the share repurchases, such provisions shall prevail.</u></p>
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<p>Article 35</p>	<p>Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its shares in issue:</p> <p>(1) Where the Company repurchases shares at par value, the payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose;</p> <p>(2) Where the Company repurchases its shares at a premium to its par value, the payment up to the par value may be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose. The payment for the portion in excess of the par value shall be effected as follows:</p> <ol style="list-style-type: none"> 1. Where the shares being repurchased were issued at par value, the payment shall be made out of the book surplus on the distributable profits of the Company; 2. Where the shares being repurchased were issued at a premium to its par value, the payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the total amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the capital reserve account (including the premium on the new issue) of the Company at the time of the repurchase; 	<p>Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its shares in issue:</p> <p>(1) Where the Company repurchases shares at par value, the payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose;</p> <p>(2) Where the Company repurchases its shares at a premium to its par value, the payment up to the par value may be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose. The payment for the portion in excess of the par value shall be effected as follows:</p> <ol style="list-style-type: none"> 1. Where the shares being repurchased were issued at par value, the payment shall be made out of the book surplus on the distributable profits of the Company; 2. Where the shares being repurchased were issued at a premium to its par value, the payment shall be made out of the book surplus on the distributable profits of the Company or out of the proceeds of the new shares issued for such purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the total amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the capital reserve account (including the premium on the new issue) of the Company at the time of the repurchase;
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	<p>(3) The Company shall make the following payment out of the distributable profits of the Company:</p> <ol style="list-style-type: none"> 1. For the acquisition of the right to repurchase its shares; 2. For the alteration of the contract for the repurchase of its shares; 3. For the release of its obligations under the contract for the repurchase; <p>(4) After the total par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant provisions, the amount deducted from the distributable profits of the Company for the payment of the par value of shares repurchased shall be accounted for in the capital reserve account of the Company.</p>	<p>(3) The Company shall make the following payment out of the distributable profits of the Company:</p> <ol style="list-style-type: none"> 1. For the acquisition of the right to repurchase its shares; 2. For the alteration of the contract for the repurchase of its shares; 3. For the release of its obligations under the contract for the repurchase; <p>(4) After the total par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant provisions, the amount deducted from the distributable profits of the Company for the payment of the par value of shares repurchased shall be accounted for in the capital reserve account of the Company.</p> <p><u>Where the laws, regulations and relevant requirements of the Securities Regulatory Authorities in the place where the Company's shares are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share repurchases, such provisions shall prevail.</u></p>
Article 46	<p>No alteration of the share register shall be effected arising from the transfer of shares thirty days prior to the date of the general meeting of shareholders or within five (5) days prior to the date set for the purpose of determining dividend entitlements.</p>	<p><u>Where the laws and regulations and the securities regulatory authorities in the place where the Company's shares are listed stipulate the period of closure of the register of shareholders before the date of a general meeting or before the record date for the Company's distribution of dividend, such provisions shall prevail.</u> No alteration of the share register shall be effected arising from the transfer of shares thirty days prior to the date of the general meeting of shareholders or within five (5) days prior to the date set for the purpose of determining dividend entitlements.</p>

<p>Article 62</p>	<p>Where the Company convenes the general meeting of shareholders, the written notice shall be given, forty-five days in advance, to inform all shareholders whose names appear in the share register of the matters proposed to be considered at the meeting and the date and venue of the meeting. Any shareholder intending to attend the general meeting of shareholders shall serve the Company, twenty days before the date of the meeting, with the written reply stating his intention to attend the meeting.</p> <p>Notice of general meeting of shareholders shall not be given more than 60 days before the date of the meeting. When calculating the period of giving the notice, it shall not include the date of the meeting and the date of sending the notice.</p>	<p>Where the Company convenes the <u>annual</u> general meeting of shareholders, the written notice shall be given, twenty forty-five days in advance, to inform all shareholders whose names appear in the share register of the matters proposed to be considered at the meeting and the date and venue of the meeting. <u>Where the Company convenes the extraordinary general meeting of shareholders, the written notice shall be given, fifteen days in advance, to inform all shareholders whose names appear in the share register of the matters proposed to be considered at the meeting and the date and venue of the meeting.</u> Any shareholder intending to attend the general meeting of shareholders shall serve the Company, twenty days before the date of the meeting, with the written reply stating his intention to attend the meeting.</p> <p>Notice of general meeting of shareholders shall not be given more than 60 days before the date of the meeting. When calculating the period of giving the notice, it shall not include the date of the meeting and the date of sending the notice.</p>
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<p>Article 63</p>	<p>In respect of the annual general meeting convened by the Company, the shareholders holding more than five percent (including 5%) of the total voting shares of the Company are entitled to propose to the Company any new resolutions in writing, provided such resolution shall be submitted to the Company at least seven days before convening the annual general meeting. The Company shall include, in the agenda of such meeting, those proposed matters which are within the terms of reference of the general meeting.</p>	<p>In respect of the annual general meeting convened by the Company, the shareholders holding more than five percent (including 5%) of the total voting shares of the Company are entitled to propose to the Company any new resolutions in writing, provided such resolution shall be submitted to the Company at least seven days before convening the annual general meeting. The Company shall include, in the agenda of such meeting, those proposed matters which are within the terms of reference of the general meeting.</p> <p><u>When a general meeting is convened by the Company, the Board, Supervisory Committee and shareholders who individually or jointly hold three percent or more of the shares of the Company, shall be entitled to make proposals to the Company.</u></p> <p><u>Shareholders, who individually or jointly hold three percent or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals.</u></p> <p><u>Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.</u></p> <p><u>The general meeting shall not vote or resolve on any proposals which are not contained in a notice of the general meeting or are not in compliance with this article herein.</u></p>
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<p>Article 64</p>	<p>Based on the written replies received twenty days before convening the general meeting of shareholders, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. Where the number of voting shares represented by those shareholders intending to attend the meeting comprises more than half of the total voting shares of the Company, then, the Company may convene the general meeting of shareholders. If not, the Company shall, within five days, inform the shareholders again of the matters to be considered, as well as the date and the venue of the meeting by way of announcement in the newspaper. After making the announcement, the Company may convene the general meeting of shareholders.</p> <p>An extraordinary general meeting shall not decide on matters which are not specified in the notice.</p>	<p>Based on the written replies received twenty days before convening the general meeting of shareholders, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. Where the number of voting shares represented by those shareholders intending to attend the meeting comprises more than half of the total voting shares of the Company, then, the Company may convene the general meeting of shareholders. If not, the Company shall, within five days, inform the shareholders again of the matters to be considered, as well as the date and the venue of the meeting by way of announcement in the newspaper. After making the announcement, the Company may convene the general meeting of shareholders.</p> <p>An extraordinary general meeting shall not decide on matters which are not specified in the notice.</p>
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<p>Article 66</p>	<p>The notice of a general meeting of shareholders shall be served on each shareholder whose name appears in the share register on the date of confirming the shareholders in respect of the meeting, (whether or not entitled to vote thereat), by personal delivery or prepaid mail to the shareholder at his address, as shown in the share register. For the shareholders of domestic capital shares, the notices of general meetings of shareholders may be given by way of announcement.</p> <p>The announcement referred to in the preceding clause shall be published in one or more newspapers specified by the securities regulatory authority under the State Council within the period of forty-five to fifty days prior to the meeting. Once the announcement has been published, all shareholders of the domestic capital shares shall be deemed to have received notice of the relevant meeting of shareholders.</p>	<p>The notice of a general meeting of shareholders shall be served on each shareholder whose name appears in the share register on the date of confirming the shareholders in respect of the meeting, (whether or not entitled to vote thereat), by personal delivery or prepaid mail to the shareholder at his address, as shown in the share register. For the shareholders of domestic capital shares, the notices of general meetings of shareholders may be given by way of announcement.</p> <p>The announcement referred to in the preceding clause shall be published in one or more newspapers specified by the securities regulatory authority under the State Council <u>twenty days prior to the convening of the annual general meeting and fifteen days prior to the convening of the extraordinary general meeting</u> within the period of forty-five to fifty days prior to the meeting. Once the announcement has been published, all shareholders of the domestic capital shares shall be deemed to have received notice of the relevant meeting of shareholders.</p> <p><u>Subject to compliance with laws, regulations and relevant requirements of the securities regulatory authority of the place where the shares of the Company are listed, the Company may also issue a notice of general meeting to shareholders of overseas listed foreign shares by way of announcement through the website of the Company and the website specified by the Hong Kong Stock Exchange in lieu of delivery by hand or by post with prepaid postage to shareholders of overseas listed foreign shares.</u></p>
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<p>Article 81</p>	<p>Shareholders seeking to convene an extraordinary general meeting of shareholders or a class meeting of shareholders shall proceed in accordance with the following procedure:</p> <ol style="list-style-type: none"> (1) Two or more shareholders holding more than one-tenth (including 10%) of the voting shares at the meeting proposed to be held may, by signing one written request or several counterparts of same stating the subject matter of the meeting, require the Board of Directors to convene an extraordinary general meeting of shareholders or a class meeting of shareholders. Upon receipt of the foregoing written request(s), the Board of Directors shall proceed to do so as soon as possible accordingly. The foregoing number of voting shares referred to shall be calculated as at the date of the delivery of the written request(s); (2) If the Board of Directors fails to issue a notice of convening such a meeting within thirty days from the date of the receipt of the foregoing written request(s), the shareholders who have made the request may themselves convene such a meeting in a procedure as far as possible same as that of such meetings to be convened by the Board of Directors, within four months from the date of receipt of such request(s) by the board. <p>Any reasonable expenses incurred by the shareholders for convening and holding the meeting by reason of the failure of the Board of Directors to duly convene a meeting according to the foregoing request for holding the meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.</p>	<p><u>The Supervisory Committee and shareholder(s) individually or jointly holding ten percent or more of the Company's total voting shares</u> Shareholders seeking to convene an extraordinary general meeting of shareholders or a class meeting of shareholders shall proceed in accordance with the following procedure:</p> <ol style="list-style-type: none"> (1) <u>The Supervisory Committee and shareholder(s) individually or jointly holding ten percent or more of the Company's total voting shares</u>Two or more shareholders holding more than one-tenth (including 10%) of the voting shares at the meeting proposed to be held may, by signing one written request or several counterparts of same stating the subject matter of the meeting, require the Board of Directors to convene an extraordinary general meeting of shareholders or a class meeting of shareholders. Upon receipt of the foregoing written request(s), the Board of Directors shall proceed to do so as soon as possible accordingly. The foregoing number of voting shares referred to shall be calculated as at the date of the delivery of the written request(s); (2) If the Board of Directors fails to issue a notice of convening such a meeting within thirty days from the date of the receipt of the foregoing written request(s), <u>the Supervisory Committee may by itself convene a meeting within four months after the Board receives the said request; if the Supervisory Committee fails to convene and preside over a meeting, shareholders holding more than ten percent of the Company's shares, individually or jointly, for more than ninety consecutive days</u>the shareholders who have made the request may themselves convene such a meeting in a procedure as far as possible same as that of such meetings to be convened by the Board of Directors, within four months from the date of receipt of such request(s) by the board.
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		<p>Any reasonable expenses incurred by <u>the Supervisory Committee</u> or the shareholders for convening and holding the meeting by reason of the failure of the Board of Directors to duly convene a meeting according to the foregoing request for holding the meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.</p>
<p>Article 82</p>	<p>A general meeting of shareholders shall be convened by the Chairman of the Board of Directors who shall preside as chairman of the meeting. If the Chairman of the Board of Directors cannot attend the meeting for any reasons, the Chairman of the Board of Directors may designate a Director of the Company to convene and preside at the meeting as chairman on his behalf. If a chairman has not been designated, the shareholders attending the meeting may elect a person to act as the chairman. If for any reasons the shareholders cannot elect a chairman, the shareholder (including his proxy) holding the greatest number of voting shares present at the meeting shall act as the chairman.</p>	<p>A general meeting of shareholders shall be convened by the Chairman of the Board of Directors who shall preside as chairman of the meeting. If the Chairman of the Board of Directors cannot attend the meeting for any reasons, the Chairman of the Board of Directors may designate a Director of the Company to convene and preside at the meeting as chairman on his behalf. <u>If a chairman has not been designated, If the Chairman is unable or fails to perform his duties, more than half of the Directors may elect a Director to convene and act as the chairman of the meeting.</u></p> <p><u>If the Board is unable or fails to perform the duty of convening a general meeting, the Supervisory Committee shall duly convene and preside over a general meeting; if the Supervisory Committee fails to convene and preside over a general meeting, the shareholders individually or jointly holding ten percent or more of the Company's shares for more than ninety consecutive days shall have the right to convene and preside over a general meeting.</u></p> <p><u>A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of Supervisory Committee. Where the chairman of Supervisory Committee is unable or fails to fulfil the duty thereof, more than half of the Supervisors shall jointly elect a Supervisor to preside over.</u></p>

		<p><u>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no chairman is so elected,</u> the shareholders attending the meeting may elect a person to act as the chairman. If for any reasons the shareholders cannot elect a chairman, the shareholder (including his proxy) holding the greatest number of voting shares present at the meeting shall act as the chairman.</p> <p><u>Any reasonable expenses incurred by the Supervisory Committee or the shareholders for convening and holding the meeting by reason of the failure of the Board of Directors to duly convene a meeting according to the foregoing request for holding the meeting shall be borne by the Company and shall be set off against any sums owed to the Directors in default by the Company.</u></p>
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According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)), the requirements on the notice period of the general meeting, shareholders' proposal right and convening procedures for joint stock limited companies incorporated in China and listed overseas shall be unified and governed by the relevant regulations under the Company Law of the People's Republic of China, instead of the regulations under Articles 20 to 22 of the Special Regulations of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》).

The Board hereby announces the proposed amendments to Article 92 of the Articles of Association. The specific amendments are as follows:

Article number	Existing article	Amended article
Article 92	<p>Where the Company convenes a class meeting of shareholders, it shall, issue written notices to notify the respective shareholders of that class whose names appear in the share register of the items proposed to be considered and the date and venue of the meeting forty-five days before that meeting. Shareholders intending to attend the class meeting shall send written replies to confirm their attendance and such replies shall be delivered to the Company twenty days before the meeting.</p> <p>Where the number of voting shares represented by those shareholders intending to attend the meeting is more than half of the total number of voting shares of that class, the Company may convene the class meeting. If not, the Company shall, within five days, inform the shareholders again of the items proposed to be considered and the date and venue of the meeting by way of an announcement. After making such notification by way of announcement, the class meeting of shareholders may be convened by the Company.</p> <p>The quorum formed by the holders holding at least one-third of any class of shares issued is required to convene the respective class meeting of shareholders (except the adjourned meeting) for the purpose of considering the amendment of the rights of that class of shares.</p>	<p>Where the Company convenes a class meeting of shareholders, it shall, issue written notices to notify the respective shareholders of that class whose names appear in the share register of the items proposed to be considered and the date and venue of the meeting <u>twenty days before that annual general meeting and fifteen days before that extraordinary general meeting.</u> forty-five days before that meeting. Shareholders intending to attend the class meeting shall send written replies to confirm their attendance and such replies shall be delivered to the Company twenty days before the meeting.</p> <p>Where the number of voting shares represented by those shareholders intending to attend the meeting is more than half of the total number of voting shares of that class, the Company may convene the class meeting. If not, the Company shall, within five days, inform the shareholders again of the items proposed to be considered and the date and venue of the meeting by way of an announcement. After making such notification by way of announcement, the class meeting of shareholders may be convened by the Company.</p> <p>The quorum formed by the holders holding at least one-third of any class of shares issued is required to convene the respective class meeting of shareholders (except the adjourned meeting) for the purpose of considering the amendment of the rights of that class of shares.</p> <p><u>If there are special requirements by the listing rules of the stock exchange where the Company's shares are listed, such requirements shall prevail.</u></p>

The Board is of the view that the Proposed Amendments are in the interests of the Company and the Shareholders as a whole.

The Proposed Amendments comprise amendments to twelve provisions of the Articles of Association. The contents of other provisions of the Articles of Association remain unchanged. The Proposed Amendments are subject to the approval by the Shareholders by way of a special resolution at the SGM. Prior to the passing of the relevant resolution at the SGM, the prevailing Articles of Association shall remain valid.

SGM AND CIRCULAR

Shareholders' approval will be sought at the SGM to approve, among other things, by ordinary resolution, (i) the proposed adoption of the Scheme; (ii) the authorization to the Board to implement the Scheme as well as to approve grants of Restricted Shares under the Scheme to the Scheme Participants from time to time; and by special resolution, (iii) the Proposed Amendments. A circular containing, among other things, details of the Scheme will be despatched to the Shareholders in due course for, among others, their consideration, discretionary approval and grant of authorization with respect to the above matters at the general meeting to be convened.

DEFINITIONS

“Articles” or “Articles of Association”	The articles of association of the Company currently in force and as amended from time to time
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, which for the purposes of this Announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Launch Tech Company Limited* (深圳市元征科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Grant”	the grant of Restricted Shares under the Scheme to the Selected Participant(s)
“Grant Date”	the date the Restricted Shares are formally granted to the Scheme Participants by the Board pursuant to the Scheme, which must be a trading day
“Grant Price”	the price per H Share for the grant of the Restricted Shares under the Scheme
“H Shares”	the overseas listed foreign invested share(s) of RMB1.00 each in the share capital of the Company which are listed on the Main Board and subscribed for and traded in HK\$

“H Shareholders”	Holders of the H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the period during which the transfer of Restricted Shares granted to the Scheme Participants under the Scheme is prohibited
“PRC Company Law”	the Company Law of the PRC
“Proposed Amendments”	the amendments to the Articles of Association to Article 1, Article 30, Article 34, Article 35, Article 46, Article 62, Article 63, Article 64, Article 66, Article 81, Article 82 and Article 92
“Restricted Share(s)”	the incentive instrument of the Scheme, which would, subject to the fulfilment of the conditions as required by Scheme, entitle the Scheme Participants to be granted or subscribe for the restricted shares of the Company and the related shares newly issued as a result of the bonus issue or conversion shares of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the Restricted Share Incentive Scheme proposed by the Board
“Scheme Participant(s)”	Directors, senior management and employees of the Company and its subsidiaries who are eligible for participation under the Scheme
“Shareholder(s)”	the shareholder(s) of the Company
“SGM”	the special general meeting of the Company to be convened on 18 May 2020 or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	the trustee to be appointed by the Board for the administration of the Scheme, which will hold the Restricted Shares for the benefit of the Scheme Participants, subject to the terms and conditions of the trust deed
“Unlocking Period”	the period during which the Restricted Shares granted to the Scheme Participants under the Scheme may be conditionally transferred

By Order of the Board
Launch Tech Company Limited
Liu Chun Ming
Company Secretary

Hong Kong, 31 March 2020

As at the date of this announcement, the Board of the Company comprises Mr. Liu Xin (Chairman), Mr. Liu Jun, Ms. Huang Zhao Huan and Mr. Jiang Shiwen as executive Directors, Mr. Xia Hui as nonexecutive Director, and Mr. Liu Yuan, Ms. Zhang Yan and Mr. Ning Bo as independent non-executive Directors.

** For identification purpose only*