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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)

SUPPLEMENTAL ANNOUNCEMENT PROPOSED RESTRICTED SHARE INCENTIVE SCHEME

Reference is made to the announcement of the Company dated 31 March 2020 (the “**Announcement**”) and the circular of the Company dated 31 March 2020 (the “**Circular**”) in relation to, inter alia, the proposed adoption of the Restricted Share Incentive Scheme (the “**Scheme**”). Unless otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Announcement and the Circular.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Scheme as follows:

APPOINTMENT OF TRUSTEE

Upon the adoption of the Scheme, the Trustee (and any additional or replacement trustee(s)) shall be appointed by the Board and the Company will enter into a trust deed (the “**Trust Deed**”) with the Trustee, which shall be a professional trustee corporation, for the administration of the Scheme pursuant to the Scheme rules. The Trustee shall be independent of and not connected with the Company or any of its connected persons (as defined under the Listing Rules).

It is proposed that the trust to be set up pursuant to the Trust Deed (the “**Trust**”) shall be an employee's share incentive scheme established for a wide scope of Scheme Participants. As at the date of this announcement, the Company has not granted any Restricted Shares under the Scheme, and no connected person has any interest under the Trust. Since the connected persons' aggregate interests in the Scheme shall be less than 30%, the Trustee is not a connected person under Rule 14A.12 of the Listing Rules.

Further announcement(s) will be made by the Company as and when necessary in accordance with the Listing Rules.

GRANT OF RESTRICTED SHARES TO CONNECTED PERSONS OF THE COMPANY

Where any Grant of Restricted Share is proposed to be made to any Scheme Participant who is a connected person within the meaning of the Listing Rules, the Grant shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the independent shareholders at an extraordinary general meeting of the Company, unless otherwise exempted under the Listing Rules.

In the case of Grant(s) being made to the Director(s) of the Company, as the Grant shall form part of the remuneration packages of the Directors under their respective service contracts with the Company, such Grant(s) shall be exempt from reporting, announcement and independent shareholders' approval requirement under Rules 14A.73(6) and 14A.95 of the Listing Rules.

VOTING RIGHTS

The Trustee does not exercise any voting rights in respect of any H Shares held under the Trust or as nominee (including but not limited to the Restricted Shares, any bonus H Shares and scrip H Shares derived therefrom, if any).

EQUITY ISSUE AND ENTITLEMENTS

During the period after a Grant has been made and before the Restricted Shares are vested in the Scheme Participant, if the Company offers to H Shareholders new H Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the H Shareholders for such rights, options or warrants, the Trustee may, at its discretion and after consulting the Board, either sell or take steps to exercise any nil-paid rights, options or warrants allocated to it in respect of the Restricted Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of H Shares for the Trust.

If the Company offers to the Shareholders new H Shares for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid for the taking up and/or the exercise of such rights, options, warrants or open or preferential offer, the Trustee may, at its discretion and after consulting the Board, either decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer. All such new H Shares purchased and/or subscribed shall form part of the Trust and be managed in accordance with the Scheme rules.

MAINTENANCE OF PUBLIC FLOAT

Pursuant to the Scheme, the Trustee will hold Restricted Shares on trust for the Scheme Participants, which is contemplated to include Directors or any connected person(s) of the Company. In view of this, the Trustee will be regarded as a close associate of that person under the Listing Rules, and therefore a core connected person of the Company under Rule 1.01 of the Listing Rules. Hence, under Rule 8.24 of the Listing Rules, the Restricted Shares held by the Trustee will not be counted in the public float of the Company.

The Company will take appropriate measures to ensure that the public float as required by the Listing Rules exists from time to time.

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

Hong Kong, 8 April 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*