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BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

ADOPTION OF SHARE AWARD PLAN

The Board is pleased to announce that on 28 August 2020, the Board approved the adoption of a share award plan. The purposes of the Plan are to recognise and reward the contribution of Eligible Participants, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required for the adoption of the Plan.

THE SHARE AWARD PLAN

The Board is pleased to announce that on 28 August 2020, the Board approved the adoption of the Plan. A summary of the principal terms of the Plan is set out in this announcement.

Purposes of the Plan

The purposes of the Plan are to recognise and reward the contribution of Eligible Participants to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Administration

The Plan shall be subject to the administration of the Board and the Trustee in accordance with the terms of the Plan and the terms of the Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

Eligibility

Under the rules constituting the Plan, the following classes of participants (excluding the Excluded Participants) (the “**Eligible Participants**”) are eligible for participation in the Plan:

- (a) 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 (an “**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,

and, for the purposes of this Plan, the Award may be made to any company wholly owned by one or more of the above participant.

Shares Pool

In order to satisfy any Award to be granted under the Plan from time to time, the Trustee shall maintain a Shares Pool which shall comprise the following:

- (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company’s resources;
- (b) such Shares as may be subscribed by the Trustee by utilising the funds allocated by the Board out of the Company's resources, subject to the Company having obtained the requisite Shareholders' approval in general meeting under general mandate or specific mandate for the allotment and issue of new Shares, the grant of listing of and permission to deal in such Shares by the Stock Exchange, and compliance with the applicable requirements under the Listing Rules;
- (c) such Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise; and
- (d) such Shares which remain unvested and revert to the Trustee due to the lapse of the Award.

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), or off the market. In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases 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 preceding trading days on which the Shares were traded on the Stock Exchange.

Where any Award is proposed to be made to a connected person and the relevant Award of the Awarded Shares is to be satisfied by an allotment and issue of new Shares, the Award shall be separately approved by the Shareholders in general meeting with such connected person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such Award.

Award of Shares

The Board shall, subject to and in accordance with the rules of the Plan, be entitled to, at any time during the continuation of the Plan, make an Award out of the Shares Pool to any of the Eligible Participants such number of Shares as it shall determine pursuant to the Plan.

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 opinion as to his contribution and/or future contribution to the development and growth of the Group.

The Board shall notify the Trustee in writing upon the making of an Award under the Plan by giving the Trustee an award notice.

The making of an Award to any connected person of the Company shall be subject to compliance with the applicable Listing Rules.

No Award may be made by the Board during the periods as prescribed under the paragraph headed "Black-out Period" below.

Voting rights of the Shares in the Shares Pool

The Trustee shall not exercise the voting rights in respect of the Shares held under 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). The Selected Participants shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants.

Equity issue

During the period after an Award has been made and before the Shares are vested in the Selected Participant, if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders, the Trustee may, at its

discretion and after consulting the view of the Board, either sell or take steps to exercise any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the Shares Pool. On the other hand, if the Company offers to the Shareholders new Shares or other securities for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid, the Trustee may, at its discretion and after consulting the view of 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.

Vesting of the Awarded Shares

The Board may from time to time, at its absolute discretion, determine the earliest Vesting Date and other subsequent date(s), if any, subject to and upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant.

At any time prior to a Vesting Date, in respect of a Selected Participant who:

- (a) died; or
- (b) (in the case of a Selected Participant who is an Employee) retired at his statutory retirement date; or
- (c) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Invested Entity),

the Award shall automatically lapse forthwith and all the Awarded Shares of the Selected Participant shall become Returned Shares.

Black-out Period

For so long as the Shares are listed on the Stock Exchange:

- (a) an Award or, as the case may be, any instruction of the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company's knowledge until such inside information has been published in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (b) the Board may not make any Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods or times 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 or any corresponding code or securities dealing restrictions adopted by the Company (collectively, "the Model Code and the

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 and the Rules and up to the date of publication of the relevant financial results, no Award may be made and no instruction may be given by the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool.

Lapse of Award

In the event that the 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, to the extent not already vested, shall forthwith lapse and be cancelled.

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Plan, automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall become Returned Shares:

- (a) the Selected Participant ceases to be an Employee (other than for reason as provided in the paragraph headed “Vesting of the Awarded Shares” above); or
- (b) 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 paragraph headed “Vesting of the Awarded Shares” above, 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
- (c) the Board shall at its absolute discretion determine in respect of a Selected Participant that (i) 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 (ii) the Selected Participant has committed any misconduct, gross negligence or any such other act detrimental to the Group’s interests as the Board may in its absolute discretion determine; or (iii) 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 (iv) 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
- (d) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (e) a Selected Participant is found to be an Excluded Participant; or

- (f) subject to the terms of the Plan, a Selected Participant fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Plan within the stipulated period.

Plan limit

The maximum number of Shares to be subscribed for and/or purchased by the Trustee by applying the Group Contribution for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the Adoption Date. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Plan when such subscription and/or purchase will result in such threshold being exceeded.

The maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the total number of issued Shares as at the Adoption Date.

Rights attaching to the Awards and the Awarded Shares

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms of the Plan.

Alteration of the Plan

The Plan may be altered by the prior sanction of a Board resolution together with the prior written consent of the Trustee, provided that no such alteration shall operate to affect adversely any rights of any Selected Participant in respect of his Awarded Shares which remain unvested except with the consent in writing of the majority of the Selected Participants whose Awarded Shares remained unvested on that date as would be required of the holders of Shares under the bye-laws of the Company (as adopted or amended from time to time) for a variation of the rights attached to such Shares.

Duration of the Plan and termination of the Plan

The Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board.

If, at the date of the termination of the Plan, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received as the Group Contribution, then the Trustee shall, within 21 business days after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Subject to the decision of the Board and the terms of the Plan, all the Awarded Shares shall become vested on the Selected Participant on such date of termination upon termination of the Plan.

IMPLICATIONS UNDER THE LISTING RULES

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required for the adoption of the Plan.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	28 August 2020, being the date on which the Plan is adopted by the Board
“associate”	has the meaning ascribed to it under the Listing Rules
“Award”	a provisional award of Awarded Shares made in accordance with the Plan
“Awarded Shares”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of Directors, such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the Plan
“Company”	BOE Varitronix Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan – Eligibility” in this announcement
“Employee(s)”	has the meaning ascribed to it under the paragraph headed “The Share Award Plan – Eligibility” in this announcement
“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 terms of the Plan 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 or subscribed 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
“Group”	the Company and the Subsidiaries
“Group Contribution”	such contribution in the form of money or otherwise made by the Company or any of 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
“Plan”	the share award plan of the Company, which has become effective on the Adoption Date, as altered from time to time
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Plan, or such Shares being deemed to be Returned Shares
“Selected Participant(s)”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award

“Shares”	ordinary shares of HK\$0.25 each in the capital of the Company
“Shareholders”	holders of the Shares
“Shares Pool”	the pool of Shares from which the Award shall be made
“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 Deed”	the trust deed entered into between the Company as settlor and the Trustee as trustee on 28 August 2020 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
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Participants in accordance with the terms of the Plan and the Trust Deed
“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
“%”	percentage

By order of the Board
BOE Varitronix Limited
Gao Wenbao
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises nine Directors, of whom Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha and Mr. Su Ning are executive Directors, Mr. Shao Xibin, Mr. Jin Hao and Ms. Zhang Shujun are non-executive Directors, and Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Hou Ziqiang are independent non-executive Directors.