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Innovativity To Productivity

PRODUCTIVE TECHNOLOGIES COMPANY LIMITED

普達特科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

- (1) AMENDMENTS TO THE RULES OF THE SHARE AWARD SCHEME;
(2) CHANGE IN TERMS OF THE PREVIOUSLY GRANTED
AWARDED SHARES;
(3) GRANT OF AWARDED SHARES; AND
(4) PROPOSED ISSUE OF NEW SHARES UNDER
THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE
AND SPECIFIC MANDATE AND CONNECTED TRANSACTION
INVOLVING ISSUE OF NEW SHARES TO A CONNECTED PERSON
UNDER THE SHARE AWARD SCHEME PURSUANT
TO SPECIFIC MANDATE**

AMENDMENTS TO THE RULES OF THE SHARE AWARD SCHEME

On 1 August 2022, the Board resolved to amend the scheme limit and individual limit of the Share Award Scheme.

CHANGE IN TERMS OF THE PREVIOUSLY GRANTED AWARDED SHARES

On 1 August 2022, the Board resolved to change the vesting dates of the Awarded Shares granted on 14 January 2022.

* For identification purposes only

GRANT OF AWARDED SHARES

On 1 August 2022, the Board further resolved to grant an aggregate of 89,924,094 Awarded Shares, among which, (i) 28,509,000 Awarded Shares are granted to the Non-connected Grantees, and (ii) 61,415,094 Awarded Shares are proposed to be granted to the Connected Grantee pursuant to the terms of the Share Award Scheme at nil consideration, subject to the acceptance by each of the Grantees, as incentives for their continuing and/or future contributions to the Company and its subsidiaries.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE AND SPECIFIC MANDATE AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The 28,509,000 Awarded Shares granted to the Non-connected Grantees shall be allotted and issued to the Trustee as fully paid at nominal value pursuant to the terms of the Share Award Scheme under the General Mandate. The 61,415,094 Awarded Shares to be granted to the Connected Grantee shall be allotted and issued to the Trustee as fully paid at nominal value pursuant to the terms of the Share Award Scheme under the Specific Mandate.

The 89,924,094 Awarded Shares to be allotted and issued by the Company represent: (i) approximately 1.19% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.17% of the total issued share capital of the Company as enlarged by such allotment and issue, assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the issue date of the Awarded Shares, other than the allotment and issue of the new Awarded Shares.

LISTING RULES IMPLICATIONS

The Connected Grantee is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed grant of the Connected Shares constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, and the Independent Shareholders' approval under the Listing Rules.

The SGM will be convened and held to consider, and if thought fit, approve, among other things, the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares.

A circular containing, among other things, details of the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Connected Shares will be despatched to the Shareholders on or before 15 September 2022 as additional time is required to prepare and finalise certain information to be included in the circular.

Reference is made to the announcement of the Company dated 6 August 2021 in relation to the adoption of the Share Award Scheme. The Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

I. AMENDMENTS TO THE RULES OF THE SHARE AWARD SCHEME

On 1 August 2022, the Board resolved to amend the scheme limit and individual limit of the Share Award Scheme as follows:

Before amendments

The Board or the Administration Committee shall not make any further Award which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 4% of the issued share capital of the Company as at the Adoption Date (the “**Scheme Limit**”).

The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date (the “**Individual Limit**”).

Each of the Scheme Limit and the Individual Limit shall be refreshed automatically on each anniversary date of the Adoption Date during the duration of the Scheme, such that (i) the Scheme Limit so refreshed shall not exceed 4% of the issued share capital of the Company as at each anniversary date of the Adoption Date; and (ii) the Individual Limit so refreshed shall not exceed 1% of the issued share capital of the Company as at each anniversary date of the Adoption Date.

After amendments

The Board or the Administration Committee shall not make any further Award which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 6% of the issued share capital of the Company as at the Adoption Date (the “**Scheme Limit**”).

The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 4.5% of the issued share capital of the Company as at the Adoption Date (the “**Individual Limit**”).

Each of the Scheme Limit and the Individual Limit shall be refreshed automatically on each anniversary date of the Adoption Date during the duration of the Scheme, such that (i) the Scheme Limit so refreshed shall not exceed 6% of the issued share capital of the Company as at each anniversary date of the Adoption Date; and (ii) the Individual Limit so refreshed shall not exceed 4.5% of the issued share capital of the Company as at each anniversary date of the Adoption Date.

Save for the aforesaid amendments, there is no other alteration to the rules of the Share Award Scheme.

The purposes and objectives of the Share Award Scheme are (i) to recognise the contributions or the future contributions by certain employees and persons to the Company and its subsidiaries and to provide them with incentives in order to retain them for the continual operation and development of the Company and its subsidiaries, and (ii) to attract suitable personnel for further development of the Company and its subsidiaries. The proposed increase in the Scheme Limit and Individual Limit is expected to facilitate the Company in providing flexibility to grant Awarded Shares as and when appropriate in accordance with the terms of the Share Award Scheme, and to serve the purpose thereof, based on the capital structure of the Company from time to time. The Company believes that such amendments are beneficial to the Company and its Shareholders as a whole.

II. CHANGE IN TERMS OF THE PREVIOUSLY GRANTED AWARDED SHARES

Reference is made to the announcement of the Company dated 14 January 2022 in relation to the grant of 17,379,000 Awarded Shares to 15 employees of the Company and its subsidiaries pursuant to the terms of the Share Award Scheme.

On 1 August 2022, the Board resolved to change the vesting dates of the abovementioned Awarded Shares as follows:

Before change

The 17,379,000 Awarded Shares will be held on trust for the Grantees by the Trustee which shall transfer the Awarded Shares to the Grantees in three tranches as follows: (i) 30% shall be vested immediately following the first anniversary of the date of grant; (ii) 30% shall be vested immediately following the second anniversary of the date of grant; and (iii) the remaining 40% shall be vested immediately following the third anniversary of the date of grant. The vesting of the Awarded Shares is subject to the satisfaction of vesting conditions specified by the Board or the Administration Committee in the award notice issued to each of the respective Grantees.

After change

The 17,379,000 Awarded Shares has been held on trust for the Grantees by the Trustee which shall transfer the Awarded Shares to the Grantees in **four** tranches as follows: **(i) 20% shall be vested on 15 August 2022; (ii) 20% shall be vested on 15 July 2023; (iii) 25% shall be vested on 15 July 2024; and (iv) the remaining 35% shall be vested on 15 July 2025.** The vesting of the Awarded Shares is subject to the satisfaction of vesting conditions specified by the Board or the Administration Committee in the award notice issued to each of the respective Grantees.

Save for the aforesaid change, there is no other alteration to the terms of such 17,379,000 Awarded Shares granted.

The aforesaid change in the vesting dates of the abovementioned Awarded Shares is conducive to better assessing the performance and contributions of the respective Grantees, which will also secure their dedication to the Company. The Company believes that such change is beneficial to the Company and its Shareholders as a whole.

III. GRANT OF AWARDED SHARES

On 1 August 2022, the Board further resolved to grant an aggregate of 89,924,094 Awarded Shares, among which, (i) 28,509,000 Awarded Shares are granted to the Non-connected Grantees, and (ii) 61,415,094 Awarded Shares are proposed to be granted to the Connected Grantee pursuant to terms of the Share Award Scheme at nil consideration, subject to the acceptance by each of the Grantees, as incentives for their continuing and/or future contributions to the Company and its subsidiaries.

The 89,924,094 Awarded Shares will be held on trust for the Grantees by the Trustee which shall transfer the Awarded Shares to the Grantees on the vesting dates. Among them, (A) 2,200,000 Awarded Shares granted to a Non-connected Grantee will be vested in four tranches as follows: (i) 20% shall be vested on 15 August 2022, (ii) 20% shall be vested on 15 July 2023, (iii) 25% shall be vested on 15 July 2024, and (iv) the remaining 35% shall be vested on 15 July 2025; (B) 26,309,000 Awarded Shares granted to the other Non-connected Grantees will be vested in three tranches as follows: (i) 30% shall be vested on 15 July 2023, (ii) 30% shall be vested on 15 July 2024, and (iii) the remaining 40% shall be vested on 15 July 2025; and (C) 61,415,094 Awarded Shares granted to the Connected Grantee shall be vested in five equal tranches on 8 August 2023, 8 August 2024, 8 August 2025, 8 August 2026, and 8 August 2027, respectively. The vesting of the Awarded Shares is subject to the satisfaction of vesting conditions specified by the Board or the Administration Committee in the award notice issued to each of the respective Grantees.

IV. PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE AND SPECIFIC MANDATE AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The 28,509,000 Awarded Shares granted to the Non-connected Grantees shall be allotted and issued to the Trustee as fully paid at nominal value pursuant to the terms of the Share Award Scheme under the General Mandate granted by the Shareholders at the AGM. Pursuant to the General Mandate, the Company is authorised to issue and allot a maximum number of 1,378,341,992 Shares (being 20% of the total number of the issued shares of the Company as at the date of the AGM). As at the date of this announcement, 77,499,000 Awarded Shares have been allotted and issued pursuant to the terms of the Share Award Scheme under the General Mandate and the total number of new Shares that can be allotted and issued under the General Mandate is therefore 1,300,842,992 Shares. As such, the allotment and issue of the 28,509,000 Awarded Shares to the Non-connected Grantees is not subject to the approval of the Shareholders but subject to the Stock Exchange having granted the approval for the listing of, and permission to deal in such Awarded Shares.

The 61,415,094 Awarded Shares to be granted to the Connected Grantee shall be allotted and issued to the Trustee as fully paid at nominal value pursuant to the terms of the Share Award Scheme under the Specific Mandate. As such, the allotment and issue of the Connected Shares shall be subject to (i) the approval by the Independent Shareholders at the SGM in respect of the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares, pursuant to the terms of the Share Award Scheme; and (ii) the Stock Exchange having granted the approval for the listing of, and permission to deal in such Connected Shares.

The 89,924,094 Awarded Shares to be allotted and issued by the Company represent: (i) approximately 1.19% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.17% of the total issued share capital of the Company as enlarged by such allotment and issue, assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the issue date of the Awarded Shares, other than the allotment and issue of the new Awarded Shares.

Details of the Awarded Shares to be allotted and issued are set out below:

Name of Grantees	Number of Awarded Shares
Non-connected Grantees	
14 employees of the Company and its subsidiaries, who, to the Directors' best knowledge, information and belief having made all reasonable enquiries, are not connected with the Company and its connected persons as at the date of this announcement	28,509,000
Connected Grantee	
Dr. Liu Erzhuang (<i>Chief Executive Officer</i>)	61,415,094
Total Awarded Shares	89,924,094

Based on the closing price of HK\$1.2 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of the 28,509,000 Awarded Shares to be allotted and issued to the Non-connected Grantees and the 61,415,094 Awarded Shares to be allotted and issued to the Connected Grantee are HK\$34,210,800 and HK\$73,698,113, respectively. The aggregate nominal value of the new Awarded Shares is HK\$899,241. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of this announcement as quoted on the Stock Exchange is approximately HK\$1.218 per Share.

The Board shall cause to be paid the subscription money of HK\$899,241 for the new Awarded Shares, representing the nominal value of the new Awarded Shares multiplied by the number of Awarded Shares to be allotted and issued, from the Company's internal resources to the Trustee. Upon allotment and issue of the new Awarded Shares, the Trustee will hold such Shares on trust for the Grantees and will transfer the respective proportions to each of them at nil consideration upon vesting and settlement of their respective Awarded Shares. Accordingly, no funds will be raised from the allotment and issue of the new Awarded Shares. The Company has not conducted any equity fund raising activities for the twelve months immediately before the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Trustee (or its nominee) and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

The Awarded Shares, when issued and allotted, shall rank *pari passu* among themselves and with the fully paid Shares in issue. Pursuant to the Share Award Scheme, the Trustee shall not exercise any voting rights in respect of the Awarded Shares held by it.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 89,924,094 Awarded Shares to be allotted and issued.

V. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Company is engaged in advanced manufacturing of productivity-driven equipment applied in semiconductor and solar power businesses. It also operates an oil and gas production project in China.

The Board is of the view that the grant of the Awarded Shares to the Connected Grantee is to (i) recognize his contributions made to the Company and its subsidiaries; (ii) encourage, motivate and retain the Connected Grantee, whose contributions are beneficial to the continual operation, development and long-term growth of the Company and its subsidiaries, especially to the semiconductor and solar power equipment business; and (iii) provide additional incentive for the Connected Grantee to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and its subsidiaries and aligning the interests to the Shareholders through ownership of Shares.

VI. LISTING RULES IMPLICATIONS

The Connected Grantee is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Therefore, the proposed grant of the Connected Shares constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, and the Independent Shareholders' approval under the Listing Rules.

None of the Directors is or is deemed to have a material interest in the Board resolution approving the proposed grant of the Connected Shares pursuant to the Share Award Scheme.

The SGM will be convened and held to consider, and if thought fit, approve, among other things, the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares.

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the proposed grant of the Connected Shares. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed grant of the Connected Shares.

As at the date of this announcement, the Connected Grantee can exercise voting power in respect of 37,000,000 Shares at the SGM, representing approximately 0.49% of the entire issued share capital of the Company. As the Connected Grantee has a material interest in the resolution at the SGM to approve the proposed grant of the Connected Shares under the Share Award Scheme, he will abstain from voting on such resolution. To the best knowledge, information and belief of the Directors, save for the Connected Grantee, no other Shareholder is required to abstain from voting on the resolution to approve the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder at the SGM, including the issue and allotment of the Connected Shares.

A circular containing, among other things, details of the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Connected Shares will be despatched to the Shareholders on or before 15 September 2022 as additional time is required to prepare and finalise certain information to be included in the circular.

VII. DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Administration Committee” a sub-committee of the Board, which shall act upon the instruction of the Board from time to time, delegated with the power and authority by the Board to administer the Share Award Scheme

“AGM” the annual general meeting of the Company held on 20 August 2021

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Awarded Share(s)”	such Share(s) administered under the Share Award Scheme which, as determined by the remuneration committee of the Company (subject to the approval of the Board), may be (i) issued as new Shares by the Company to the Trustee held on trust for the selected participant or (ii) purchased by the Trustee on the market, in either case out of cash paid by the Company by way of settlement to the Trustee pursuant to the terms of the Share Award Scheme
“Board”	the board of Directors
“Company”	Productive Technologies Company Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 650)
“Connected Grantee”	Dr. Liu Erzhuang, Chief Executive Officer of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Shares”	61,415,094 Awarded Shares proposed to be granted to the Connected Grantee pursuant to the Share Award Scheme
“Director(s)”	the director(s) of the Company from the time being
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and deal with additional Shares at the AGM
“Grantees”	the Connected Grantee and the Non-connected Grantees
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors established to provide recommendations to the Independent Shareholders in connection with the proposed grant of the Connected Shares

“Independent Financial Adviser”	VBG Capital Limited, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed grant of the Connected Shares
“Independent Shareholders”	independent Shareholders other than the Connected Grantee and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Grantees”	14 employees of the Company and its subsidiaries, who, to the Directors’ best knowledge, information and belief having made all reasonable enquiries, are not connected with the Company and its connected persons as at the date of this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region thereof and Taiwan
“SGM”	the special general meeting of the Company to be convened for the purpose of, among other things, considering and, if thought fit, approving the Specific Mandate, the proposed grant of the Connected Shares and the transaction contemplated thereunder, including the issue and allotment of the Connected Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Board on 6 August 2021, as amended from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Connected Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trustee”

Tricor Trust (Hong Kong) Limited, or other trustee or trustees (which is or are independent of and not connected with the Company) as shall be appointed pursuant to and in accordance with the terms of the trust deed

“%”

per cent.

By Order of the Board
Productive Technologies Company Limited
WANG Jingbo
Chairman

Hong Kong, 1 August 2022

As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman) and Mr. Liu Zhihai; two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo; and three are independent non-executive Directors, namely Ms. Ge Aiji, Mr. Shi Cen, and Mr. Chau Shing Yim David.

* *For identification purposes only*