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HUAZHANG TECHNOLOGY HOLDING LIMITED

華章科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1673)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Huazhang Technology Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that, on 31 May 2022 (after trading hour) (the “**Date of Grant**”), the Company has granted 85,940,000 share options (the “**Share Option(s)**”) to certain eligible persons (the “**Grantee(s)**”) under its share option scheme (the “**Scheme**”) adopted on 10 February 2022, to subscribe for a total of 85,940,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Share(s)**”), representing approximately 8.08% of the Shares in issue as at the Date of Grant, subject to the acceptance of the Grantees and if applicable, the approval by the shareholders (the “**Shareholder(s)**”) of the Company. A summary of the grant of the Share Options are set out below:

Date of Grant : 31 May 2022

Exercise price of the Share Options : HK\$0.51 per Share, representing the highest of:

- (i) the closing price of HK\$0.51 per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant;
- (ii) the average closing price of HK\$0.50 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of HK\$0.01 per Share.

- Total number of Share Options granted : 85,940,000 Share Options, of which the grant of 50,000,000 Share Options is subject to the approval of the Shareholders in general meeting. Each Share Option shall entitle the holder thereof to subscribe for one Share.
- Closing price of the Shares on the Date of Grant : HK\$0.51 per Share
- Consideration for the grant of the Share Options : HK\$1.00 to be paid by the Grantee upon his/her acceptance of the Share Options granted.
- Validity period of the Share Options : From 31 May 2022 to 30 May 2032 (both dates inclusive), save and except for the Share Options to be granted to Mr. Fang Hui (“**Mr. Fang**”).

In respect of the Share Options to be granted to Mr. Fang, from the date upon obtaining the independent Shareholders’ approval at the extraordinary general meeting of the Company (the “**EGM**”) to 30 May 2032 (both dates inclusive).

- Vesting schedule : The vesting period of the Share Options is described below:
- (i) 30% of the Share Options may be exercisable at any time commencing from the Date of Grant up to 30 May 2032;
 - (ii) 30% of the Share Options and the first 30% of the Share Options which are yet to be exercised may be exercisable at any time commencing from 31 May 2023 up to 30 May 2032; and
 - (iii) the remaining 40% of the Share Options and the first 60% of the Share Options which are yet to be exercised may be exercisable at any time commencing from 31 May 2024 up to 30 May 2032.

Among the 85,940,000 Share Options granted, a total of 53,400,000 Share Options will be granted to the Directors and substantial Shareholders (as defined under the Listing Rules). Details of the Grantees are as follows:

Name of Grantees	Position held with the Group/ relationship with the Group	Number of Share Options granted
Mr. Fang	Executive Director and substantial Shareholder	50,000,000
Mr. Wang Ai Yan	Executive Director and substantial Shareholder	1,000,000
Mr. Chen Hongwei	Executive Director	500,000
Mr. Shi Chenghu	Non-executive Director	1,000,000
Mr. Heng, Keith Kai Neng	Independent non-executive Director	300,000
Mr. Yao Yang Yang	Independent non-executive Director	300,000
Ms. Zhang Dong Fang	Independent non-executive Director	300,000
	Other employees of the Group	<u>32,540,000</u>
	Total:	<u><u>85,940,000</u></u>

No share options of the Company has been granted to the Grantees within the 12-month period prior to the grant of Share Options.

LISTING RULES IMPLICATIONS

Pursuant to Rule 17.04(1) of the Listing Rules and the Scheme, the grant of Share Options by the Company to any Director, chief executive or substantial Shareholder or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding independent non-executive Directors who are the Grantees of the Share Options concerned). Each grant of the Share Options to the above Grantees including Directors and substantial Shareholders has been approved by all the independent non-executive Directors on 31 May 2022 (after trading hour) accordingly.

Given that the total number of Shares to be issued upon exercise of the Share Options granted to Mr. Fang, being substantial Shareholder (as defined in the Listing Rules) of the Company, in the 12-month period up to and including the Date of Grant in aggregate (a) exceeds 1% of the Shares in issue; and (b) represents over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the Date of Grant, in excess of HK\$5 million, the grant of Share Options to Mr. Fang shall be approved by the Shareholders at the EGM pursuant to Note to Rule 17.03(4) and Rule 17.04(1) of the Listing Rules, respectively, at which Mr. Fang, his associates (as defined in the Listing Rules) and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the relevant resolution(s) approving the grant of Share Options to Mr. Fang.

Save as disclosed above, none of the Grantee is a Director, chief executive of the Company or substantial Shareholder, or any of their respective associates (as defined under the Listing Rules).

A circular containing information relating to the grant of the Share Options to Mr. Fang and a notice of the EGM is expected to be despatched to the Shareholders in due course.

By order of the Board
Huazhang Technology Holding Limited
Fang Hui
Executive Director

Hong Kong, 31 May 2022

As at the date of this announcement, the executive Directors are Mr. Fang Hui, Mr. Wang Ai Yan and Mr. Chen Hongwei, the non-executive Director is Mr. Shi Chenghu and the independent non-executive Directors are Mr. Heng, Keith Kai Neng, Mr. Yao Yang Yang and Ms. Zhang Dong Fang.