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Xuan Wu Cloud Technology Holdings Limited

玄武云科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2392)

VOLUNTARY ANNOUNCEMENT ADOPTION OF THE RESTRICTED SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme for the purpose of the Company's grant of Award Shares to Selected Participants from time to time pursuant to the Scheme Rules.

ADOPTION OF THE SCHEME

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PURPOSES

The purposes of the Scheme are to provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group, to provide additional incentives for them to achieve performance goals, to attract suitable personnel for further development of the Group, and to motivate the Selected Participants to maximize the value of the Company for the benefits of both the Selected Participants and the Company.

ADMINISTRATION

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. No shareholders' approval is required to adopt the Scheme. The Scheme shall be subject to the administration of the Administration Committee and the Trustee in accordance with the Scheme Rules. The Trustee shall hold the trust fund in accordance with the Scheme Rules and the terms of the Trust Deed.

SCHEME LIMIT

No Shares shall be issued or purchased pursuant to this Scheme if as a result of such issue and purchase, the number of Shares administered under this Scheme shall reaches 10% or more of the issued share capital of the Company on the Adoption Date or such other limit as determined by the Administration Committee in its sole and absolute discretion provided always that it is in compliance with the Listing Rules.

Subject to compliance with the requirements under the Listing Rules, the maximum number of Award Shares which may be granted to a Selected Participant at any one time or in aggregate may not exceed 1% of the issued share capital of the Company on the Adoption Date.

OPERATION

Grant and Acceptance of Award Shares

Subject to the Scheme Rules, the Administration Committee may, from time to time in its sole and absolute discretion, select any Participant to be a Selected Participant and make a Grant to such Selected Participant on and subject to any terms and conditions that the Administration Committee may impose.

In determining the Selected Participants (excluding any Excluded Employee), the number of Award Shares to be granted, the vesting conditions, the purchase price (if any) to be paid by the Selected Participants (the “**Purchase Price**”) for each Award Share, the manner of payment of the Purchase Price and the other terms and conditions of the Grants, the Administration Committee shall take into consideration any matter which it considers relevant.

After the Administration Committee has determined a Selected Participant, the number of the Award Shares to be granted, the Purchase Price and other terms and conditions of the Grant, it shall notify the Trustee and the Selected Participant on the Grant Date in writing (which may also be made through the designated online portal facilities) (the “**Grant Letter**”). Upon receipt of the Grant Letter, the Selected Participant is required to confirm his/her acceptance of the Grant within five Business Days after the Grant Date (the “**Acceptance Period**”).

The Grant shall be subject to the terms as specified in the Scheme Rules, the Grant Letter and/or any such document in such form as the Administration Committee may from time to time determine. The Selected Participant shall undertake to be bound by the provisions of the Scheme and any terms or conditions attached to the Grant.

If any Selected Participant fails to return the notice of acceptance or complete the required steps to confirm his/her acceptance of the Grant within the Acceptance Period to the Company, the Grant shall automatically lapse forthwith and the Shares pursuant to the Grant shall become Unaccepted Shares (see the section headed “Unaccepted and Unvested Shares” below). For as long as the Shares are listed on the Stock Exchange, if required by the Stock Exchange or the Listing Rules, the Grant shall be subject to the compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Dealing in Shares by the Trustee

Subject to the restrictions in the Scheme Rules, the Administration Committee shall at any time and/or from time to time in its sole and absolute discretion, cause to be paid to the Trustee any monetary amount (the “**Monetary Amount**”) for the purchase of any Shares to be granted from the resources of the Company and, to the extent not prohibited by the Listing Rules and applicable laws, any Subsidiary. The Administration Committee may, in its sole and absolute discretion, at any time deliver to the Trustee a written instruction to instruct the Trustee to make purchases on the Hong Kong Stock Exchange according to the terms set out therein.

Once purchased, the Trustee shall hold the Shares so purchased in accordance with the terms hereof and the provisions of the Trust Deed. As soon as the Trustee completes the purchase, the Trustee shall inform the Administration Committee of the number of Shares purchased and the price at which those Shares have been purchased. Upon expiry of the purchase period, any balance of the Monetary Amount which has not been utilized shall under no circumstances form part of the fund of the Trust. The Administration Committee may, from time to time in its sole and absolute discretion, direct and procure the Trustee to return any balance of the Monetary Amount to the Company after completion of the relevant purchase.

The Trustee shall not sell or otherwise dispose of the Shares purchased on the Hong Kong Stock Exchange pursuant to this Scheme until the termination of this Scheme unless otherwise instructed by the Administration Committee. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company at any time until the termination of this Scheme.

The Trustee may, subject to the instructions of the Administration Committee, acquire such number of new or existing Shares or, to the extent permitted by applicable laws, regulations or regulatory rules, to sell such Shares on the market for the purposes of the Scheme and the Trust. Notwithstanding the above, the Trustee shall not deal in Shares at any time if the Trustee has received notice in writing from the Company that any such dealing at that time would cause the Trustee, the Company or any Subsidiary, or a director, officer or employee of the Company or any Subsidiary to be in breach of the provisions of any applicable laws, rules or regulations (including the Listing Rules).

Vesting of Award Shares

Any Award Share granted to a Selected Participant pursuant to the Scheme Rules shall vest in such Selected Participant in accordance with the vesting conditions as set out in the Grant Letter. If the Administration Committee is satisfied that a Selected Participant has satisfied the vesting conditions (save for the receipt of the Purchase Price, if any), the Administration Committee shall send to the Selected Participant (or his/her representative or lawful successor as the case may be) a vesting notice (which may also be made through the designated online portal facilities) (the “**Vesting Notice**”) at least 10 Business Days before the Vesting Date notifying the Selected Participant of the intended vesting of the Award Shares subject to fulfilment of the requirements set out in the paragraph below. The Administration Committee shall have the sole and absolute discretion in determining whether the Award Shares shall be satisfied by Shares or cash of the equivalent value of such Award Shares at the Vesting Date.

Except other circumstances as specified by the Administration Committee in its sole and absolute discretion, the Award Shares shall not vest in the event of any failure of Selected Participants to remain as Participants prior to the Vesting Date, namely, the Selected Participant has, among others, (i) been terminated by the Company or any Subsidiary for cause (including dishonesty or serious misconduct, willful disobedience or non-compliance with the terms of his employment, agency or consultancy contract with the Company or any Subsidiary, incompetence or negligence in the performance of his duties, doing anything adversely affecting his ability to perform his duties properly or bringing the Company or the Group into disrepute); (ii) been summarily dismissed by the Company or any Subsidiary; (iii) become bankrupt or failed to pay his debts within a reasonable time after they become due or has made any arrangement or composition with his creditors generally; (iv) been convicted for any criminal offence; or been charged, convicted or held liable for any breach of the relevant securities laws or regulations in Hong Kong or any other equivalent laws or regulations in another jurisdiction in force from time to time.

Upon receipt of the Vesting Notice, the Selected Participant is required to return to the Company a reply slip duly executed by him/her substantially at least five Business Days before the Vesting Date. If the Administration Committee specifies in the Vesting Notice that actual Award Shares will be transferred to the Nominee Account upon vesting, the Selected Participant shall complete the payment of the Purchase Price (if any) within the specified period set out in the Vesting Notice. If any Selected Participant fails to (i) return the reply slip at the stipulated time above to the Company, or (ii) complete the payment of the Purchase Price in accordance with the requirements set out in the Vesting Notice, unless otherwise determined by the Administration Committee, the Grant shall automatically lapse forthwith and the Award Shares shall become Unvested Shares (see the section headed “Unaccepted and Unvested Shares” below).

As soon as practicable after the Award Shares have vested in a Selected Participant in accordance with the Scheme Rules, the Administration Committee shall issue to the Trustee a confirmation letter that the vesting conditions have been fulfilled (which may also be evidenced by confirmed data file made through the designated online portal facilities) to effect the transfer of the relevant vested Award Shares to the Nominee Account or, if so determined and instructed by the Administration Committee, direct

and procure the Trustee to pay to the Selected Participant in cash the amount of equivalent value of such Award Shares after deducting the Purchase Price (if any) thereof and/or the amount to be withheld or deducted in accordance with the Scheme Rules. Without prejudice to any restrictions set out in the Vesting Notice which shall continue to be in force after vesting of the Award Shares, once the vested Award Shares are transferred from the Trustee to the Nominee Account, they shall no longer be subject to any restrictions and limitations (see the section headed “Restrictions and Limitations” below) and shall rank *pari passu* with other Shares.

If an offer by way of general offer, takeover, merger, scheme of arrangement, share repurchase, voluntary winding-up or otherwise is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) resulting in a change in control of the Company, then the Administration Committee shall, prior to the offer being approved by the requisite meeting or becoming or being declared unconditional, determine at its absolute discretion whether such Award Shares shall vest and the period within which such Shares shall vest.

Unaccepted and Unvested Shares

The Trustee shall, after having taken into account the recommendations of the Administration Committee, (i) hold such Unaccepted Shares or Unvested Shares and all income derived therefrom for the benefit of all or one or more of the Selected Participants, as the Company in its sole and absolute discretion shall at any time re-grant; or (ii) provided that there shall be any Unaccepted Shares and Unvested Shares in any given year during the life of the Scheme and the Trustee has been notified by the Company that the Company does not have any plan to re-grant such Unaccepted Shares and Unvested Shares to any Selected Participant and the Scheme shall be terminated, act in accordance with section headed “Duration and Termination” below.

Notwithstanding the aforesaid in this section, the Administration Committee may at any time at its absolute discretion deem any unvested Award Shares as Unvested Shares or vice versa.

RESTRICTIONS AND LIMITATIONS

No Grant shall be made to any Selected Participant under the Scheme: (a) where the Company is in possession of unpublished inside information (as defined under Part XIVA of the SFO); (b) within the blackout period as stipulated in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules; (c) where such Grant is prohibited under the Listing Rules or other applicable laws, regulations or regulatory rules, guidance, codes, decisions or guidelines from time to time; (d) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant, unless the Administration Committee determines otherwise; or (e) in any other circumstances where the requisite approval from any applicable regulatory authorities has not been granted.

Any Grant to any director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive Directors of the Company and shall otherwise be subject to compliance with the requirements of the Listing Rules.

Any Grant made under the Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable other than for the purpose of vesting in his/her lawful successor.

A Selected Participant shall not have any contingent interest, including income, dividend and any other right, in the Award Shares which are referable to him and shall not exercise any voting right in respect of the Award Shares until such Award Shares have been vested as Shares.

The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to the Award Shares, the Unaccepted Shares, the Unvested Shares, any bonus Shares and scrip Shares), whether directly or indirectly, unless otherwise required by law to vote and instructions from the Administration Committee are given to the Trustee.

AMENDMENT

The Scheme may be amended by a resolution of the Board at its sole and absolute discretion, provided that no alteration or variation shall be made which, in the reasonable opinion of the Board, will materially and adversely affect any rights of any Selected Participant with respect to the Award Shares granted to such Selected Participant prior to such amendment without consent in writing of the Selected Participants amounting to three-fourths in nominal value of all Award Shares on the date of such resolution of the Board (save as may be required to comply with the Articles, the Listing Rules, applicable laws, rules or regulations). Written notice of any amendment to this Scheme shall be given to all Selected Participants.

If a Grant involves grants of new shares under general mandate, the Company may continue to grant Award Shares to Selected Participants up to the earlier of (i) the second annual general meeting after 1 January 2023 or (ii) the adoption of new scheme mandate of the Scheme or amendments of the terms of the Scheme or any other then existing employee share schemes to comply with the amended Chapter 17 of the Listing Rules.

DURATION AND TERMINATION

The Scheme shall remain valid and effective for a period of ten years from the Adoption Date (“**Scheme Period**”) and can be terminated or extended by a resolution of the Board at any time prior to the expiry of the Scheme Period.

On termination of the Scheme, the Trustee shall transfer the Scheme Shares to any holder as the Company may direct, unless the Company requests the Scheme Shares to be transferred to such other employee award scheme trust as may be selected by the Company, provided that such other employee award scheme trust selected by the Company satisfies the Articles, the Listing Rules and all applicable laws, rules and regulations.

Upon termination of the Scheme, no further Award Shares shall be granted. The Company shall notify the Trustee of such termination. Upon receipt of the notification of termination from the Company in writing, the Trustee shall within five Business Days of receiving such notice of termination, or such longer time as the Trustee and the Administration Committee may agree from time to time, vest in the Selected Participants all Award Shares referable to the date of termination which are not vested by transferring the same held by and in the trust fund of the Trust to the relevant Nominee Accounts; and (a) sell such Unaccepted Shares, Unvested Shares and non-cash income remaining in the Trust, if any and remit the proceeds of sale of the same together with any residual cash accrued in the Trust, net of all appropriate expenses in connection with such sale in accordance with the Trust Deed, to the Company forthwith after the sale; or (b) handle such Shares and non-cash income in such other manner in accordance with the instructions of the Board.

DEFINITIONS

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| “Administration Committee” | a sub-committee of the Board, members of which shall be determined by the chairman of the Board from time to time, with consultation with the chairman of the remuneration committee of the Board, delegated with the power and authority by the Board to administer this Scheme; |
| “Adoption Date” | 1 December 2022, being the date on which this Scheme is adopted by the Board; |
| “Articles” | the articles of association of the Company adopted on 16 June 2022 which became effective on 8 July 2022, as amended from time to time; |
| “Award Shares” | Shares granted pursuant to terms and conditions of the Scheme; |
| “Board” | the board of Directors; |
| “Business Day” | a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and public holidays); |
| “Company” | Xuan Wu Cloud Technology Holdings Limited (玄武云科技控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability; |
| “control” | has the meaning as specified in the Takeovers Code; |
| “Directors” | the directors of the Company; |
| “Employee” | an employee of the Company or any Subsidiary; |

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| “Excluded Employee” | any employee who resides in any country or jurisdiction where the grant of any Award Shares or making of any payment to him or transfer of any Award Shares vested in him to the Nominee Account under this Scheme would not be permitted under the laws and regulations of such country or jurisdictions or would be subject to such requirements under those laws and regulations compliance with which would, in the sole view of the Board, be unduly burdensome or impractical and the Board, in its sole and absolute discretion, considers it necessary or expedient to exclude such employee from the benefit of such act; |
| “Grant” | individually or collectively, a grant of Award Shares under this Scheme; |
| “Grant Date” | in relation to any Award Share, the date on which the Award Share is, was or is to be granted; |
| “Group” | the Company and the Subsidiaries from time to time; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time; |
| “Nominee Account” | an account operated by the Trustee or any other online portal facilities operated by an administrator designated by the Administration Committee in its sole and absolute discretion; |
| “Participant” | (i) directors and employees of the Company or any of its Subsidiaries (including persons who are granted Award Shares under the Scheme as an inducement to enter into employment contracts with these companies); (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) Service Providers; |
| “Scheme” | the restricted share award scheme approved and adopted by the Board on the Adoption Date or as amended from time to time; |
| “Scheme Rules” | the rules governing the Scheme (as restated, supplemented and amended from time to time); |

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| “Scheme Shares” | any and all of the Shares held by the Trustee (directly or indirectly, provided that it is contemplated that the Trustee will hold the Scheme Shares through a wholly-owned company) under the terms of the Trust for purposes of the Scheme; |
| “Selected Participant” | any Participant selected by the Administration Committee in accordance with the terms of and entitled to receive a Grant under the Scheme; |
| “Service Providers” | persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group (excluding placing agents, financial advisers, professional service providers such as auditors and valuers); |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended from time to time; |
| “Shares” | ordinary share(s) with nominal value of US\$0.0001 each (or such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company; |
| “Subsidiary” | a company which is for the time being and from time to time a subsidiary of the Company, as determined by reference to the definitions in the Companies Ordinance (Cap. 622) as amended from time to time, and for the purpose of this Scheme and the Scheme Rules, includes any entity controlled by the Company and/or its Subsidiary through contractual arrangements; |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time; |
| “Trust” | the trust constituted by the Trust Deed; |
| “Trust Deed” | the trust deed between the Company and the Trustee in relation to the Scheme (as restated, supplemented and amended from time to time); |
| “Trustee” | trustee(s) to be appointed by the Company for administration of the Scheme or any additional or replacement trustee. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the original Trustee is not a connected person (as defined under the Listing Rules) of the Company; |
| “Unaccepted Shares” | such Shares pursuant to a Grant which are not accepted by the Selected Participants within the Acceptance Period; |

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| “Unvested Shares” | such Shares which do not vest in the Selected Participants and in respect of which the Grant has lapsed in accordance with the Scheme Rules; |
| “US\$” | United States dollars, the lawful currency of the United States of America; |
| “Vesting Date” | the date or each such date on which the Award Shares are to vest; and |
| “%” | percent. |

By order of the Board
Xuan Wu Cloud Technology Holdings Limited
Mr. Chen Yonghui
Chairman of the Board

Hong Kong, Thursday, 1 December 2022

As at the date of this announcement, the Board comprises Mr. Chen Yonghui, Mr. Huang Fangjie, Mr. Li Hairong and Mr. Guo Haiqiu as executive Directors, Mr. Xu Xin as non-executive Director and Mr. Du Jianqing, Ms. Wu Ruifeng and Prof. Wu Jintao as independent non-executive Directors.