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CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1586)

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 of Directors (the “**Board**”) of China Leon Inspection Holding Limited (the “**Company**”) hereby announces that, on 15 July 2021 (the “**Date of Grant**”), the Board had resolved to grant share options (the “**Share Options**”) to certain eligible persons (the “**Grantees**”) to subscribe for a total of up to 36,100,000 ordinary shares of US\$0.00005 each in the share capital of the Company (the “**Share(s)**”) pursuant to the share option scheme adopted by the Company on 5 May 2017 (the “**Share Options Scheme**”), representing approximately 8.14% of the issued share capital of the Company as at the date of this announcement, subject to the acceptance of the Grantees and if applicable, the approval by the shareholders of the Company (the “**Shareholders**”) and the Listing Approval (as defined hereinafter).

The purposes of this Share Options incentive are: (i) to further improve the corporate governance structure and long-term incentive scheme of the Company; (ii) to promote sustainable development as well as attract and retain outstanding talents; (iii) to fully encourage the enthusiasm, sense of responsibility and mission of the Company’s key management and operation teams; (iv) to safeguard the best interests of the Shareholders, as well as better align the interests of all stakeholders and effectively motivate key individuals in line with their contributions; and (v) to balance the focus of Company’s long-term and short-term goals so as to ensure the Company’s long-term sustainable development.

Details of the Share Options are as follows:

Date of Grant : 15 July 2021

Exercise price of Share Options : HK\$2.14 per Share, which is the highest of:

- (i) the closing price of HK\$2.14 per Share as stated in the Stock Exchange;
- (ii) the average closing price of HK\$2.094 per Share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of US\$0.00005 per Share.

Number of the Share Options granted : 36,100,000 Share Options, of which the grant of 9,500,000 Share Options is subject to the approval of the Shareholders in general meeting. Each Share Option shall entitle the holder of the Share Option to subscribe for one Share.

Closing price of the Shares on the Date of Grant : HK\$2.14 per Share

Validity period of the Share Options : The Share Options are exercisable for a period of five years commencing from the vesting date and expiring at the close of business on the last day of the five year period.

Vesting condition and exercise period of the Share Options : Not more than 30% of the Share Options will be vested on 15 July 2022;

Not more than 30% of the Share Options will be vested on 15 July 2023; and

Not more than 40% of the Share Options will be vested on 15 July 2024.

Among the 36,100,000 Share Options granted, 13,000,000 Share Options were granted to the Directors, chief executive, substantial shareholders or their associates (as defined under the Listing Rules) of the Company. Details of the Grantees are as follows:

Grantees	Position held with the Company/relationships with the Group or its connected person	Number of Share Options granted
Mr. Li Xiangli (“ Mr. Li ”)	Executive Director, Chairman, Chief Executive Officer and a substantial shareholder	4,000,000
Ms. Zhang Aiying (“ Ms. Zhang ”)	Executive Director, Vice President and a substantial shareholder	2,500,000
Mr. Liu Yi (“ Mr. Liu ”)	Executive Director, Vice President and a substantial shareholder	3,000,000
Mr. Yang Rongbing	Executive Director and Vice Chairman	3,500,000
		<hr/>
		13,000,000
Other employees		23,100,000
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Total		<u><u>36,100,000</u></u>

Each grant of the Share Options to the above Directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company has been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules on 15 July 2021.

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

The total number of Shares available for issue under the Share Options which are proposed to be granted to the Grantees in aggregate exceeds the existing scheme mandate limit, which is 29,902,800 (the “**Scheme Mandate Limit**”). Pursuant to Note 1 to Rule 17.03(3) of the Listing Rules and Clause 8.1 of the Share Option Scheme, the Company may seek separate approval by the Shareholders in general meeting for granting Share Options beyond the Scheme Mandate Limit provided the Share Options in excess of the Scheme Mandate Limit are granted only to Grantees specifically identified by the Company before such approval is sought. As a result, the grant of 9,500,000 Share Options to Mr. Li, Ms. Zhang and Mr. Liu (each of them being a substantial shareholder) out of the total of 36,100,000 Share Options granted is beyond the Scheme Mandate Limit and is subject to the approval by the Shareholders at an extraordinary general meeting (“**EGM**”) of the Company. The grant of the remaining 26,600,000 Share Options is within the Scheme Mandate Limit and is not subject to the approval by the Shareholders in general meeting.

Given that (a) the grant of Share Options will result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to each of Mr. Li, Ms. Zhang and Mr. Liu collectively in the 12-month period up to and including the Date of Grant representing in aggregate over 1% of the Shares in issue pursuant to Note to Rule 17.03(4) of the Listing Rules; and (b) the grant of Share Options will result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to each of Mr. Li, Ms. Zhang and Mr. Liu, collectively in the 12-month period up to and including the Date of Grant representing in aggregate 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\$5,000,000 pursuant to Rule 17.04(1) of the Listing Rules, the grant of Share Options to each of Mr. Li, Ms. Zhang and Mr. Liu shall be approved by the Shareholders at the EGM at which Mr. Li, Ms. Zhang and Mr. Liu, his/her associate (as defined under the Listing Rules) and all core connected persons (as defined under the Listing Rules) of the Company shall abstain from voting in favor of the relevant resolution approving the grant of Share Options.

Application will be made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of the Share Options to be granted to Mr. Li, Ms. Zhang and Mr. Liu (the “**Listing Approval**”).

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

By Order of the Board
China Leon Inspection Holding Limited
Mr. YANG Rongbing
Executive Director

Hong Kong, 15 July 2021

As at the date of this announcement, the Board comprises eight Directors, namely Mr. Li Xiangli, Ms. Zhang Aiying, Mr. Liu Yi and Mr. Yang Rongbing as executive Directors; Mr. Wang Gang as a non-executive Director; and Mr. Wang Zichen, Mr. Zhao Hong and Mr. Liu Hoi Keung as independent non-executive Directors.