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Howkingtech International Holding Limited

濠暎科技國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2440)

GRANT OF SHARE OPTIONS

This announcement is made by Howkingtech International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

GRANT OF SHARE OPTIONS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that on March 29, 2023 (the “**Date of Grant**”), the Company offered to grant 22,500,000 share options (the “**Share Options**”) to certain Directors, senior management and employees of the Group and a substantial shareholder of the Company (collectively, the “**Grantees**”) to subscribe for a total of 22,500,000 ordinary shares (the “**Shares**”) in the nominal value of US\$0.01 each in the capital of the Company under the share option scheme adopted by the Company on November 11, 2022 (the “**Share Option Scheme**”), subject to acceptance by the Grantees and the payment of RMB1.0 by each of the Grantees upon acceptance of the Share Options (the “**Grant**”). The Share Options represent, upon full exercise, 10% of the total number of issued Shares as of the date of this announcement.

Details of the Grant are set out below:

Date of Grant : March 29, 2023

Number of Share Options granted : 22,500,000 Share Options. Each Share Option shall entitle the holder thereof to subscribe for one Share.

- Exercise price of the Share Options granted** : HK\$1.56 per Share, which is higher than:
- (i) the closing price of HK\$1.56 per Share as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the Date of Grant; and
 - (ii) the average closing price of HK\$1.53 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant.
- Closing price of the Shares on the Date of Grant** : HK\$1.56
- Exercise period of the Share Options** : The exercise period of the Share Options shall be subject to the respective letters of grant to Ms. Wang, Mr. Feng and Mr. Wang (and any vesting periods respectively provided thereunder), which in any event must not be more than ten years from the Grant Date and the Share Options shall lapse at the expiry of such exercise period.
- Validity period of the Share Options** : For a period of ten years from the Date of Grant to March 28, 2033, both dates inclusive. The Share Options conditionally granted to Mr. Feng Yijing (馮義晶) (“**Mr. Feng**”), Mr. Wang Jun (王軍) (“**Mr. Wang**”) and Ms. Wang Zheshi (王者師) (“**Ms. Wang**”) will be subject to the approval by the independent shareholders of the Company (the “**Independent Shareholders**”) at the forthcoming annual general meeting to be convened by the Company (the “**AGM**”).
- Vesting period of the Share Options** : Subject to the vesting conditions as stated in the respective letters of grant of the Grantees, the Share Options will be vested to the Grantees in three tranches within three years as follows:
- In respect of the Grant to the Grantees (except Ms. Wang, Mr. Feng and Mr. Wang)*
- (i) one-third of the Share Options granted to each Grantee will be vested at any time upon the expiration of 12 months from the Date of Grant;
 - (ii) one-third of the Share Options granted to each Grantee will be vested at any time upon the expiration of 24 months from the Date of Grant; and
 - (iii) one-third of the Share Options granted to each Grantee will be vested at any time upon the expiration of 36 months from the Date of Grant;

In respect of the Grant to Ms. Wang, Mr. Feng and Mr. Wang

- (i) 6,652,097, 3,663,416 and 934,487 of the Share Options granted to Ms. Wang, Mr. Feng and Mr. Wang, respectively, and 750,000 of the Share Options granted to each of them will be vested at any time upon the expiration of 12 months from the Date of Grant;
- (ii) 750,000 of the Share Options granted to each of them will be vested at any time upon the expiration of 24 months from the Date of Grant; and
- (iii) 750,000 of the Share Options granted to each of them will be vested at any time upon the expiration of 36 months from the Date of Grant.

Performance target and clawback mechanism

: There is no performance target nor clawback mechanism attached to the Share Options.

The purpose of the Share Option Scheme is to motivate and retain the Grantees by allowing them to enjoy the results of the Group attained through their efforts and contributions to the Group.

The remuneration committee of the Board (the “**Remuneration Committee**”) is of the view that performance targets are not necessary as (i) the value of the Share Options is subject to the future market price of the Shares, which, in turn, depends on the business performance of the Group, to which the Grantees would directly contribute; and (ii) the Share Options are subject to the vesting period as stated above and certain vesting conditions, which could ensure that the Grantees would be motivated to contribute to the Company's development. In addition, the Remuneration Committee is of the view that a clawback mechanism is not necessary considering the lapse and cancellation of share options under various scenarios has already been provided for under the Share Option Scheme, which could adequately safeguard the Company's interests.

As such, the Remuneration Committee and the Board believe that without additional performance target and clawback mechanism, the grant of the Share Options could align the interests of the Grantees with that of the Company and the shareholders of the Company (the “**Shareholders**”), provide incentive to the Grantees to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce their commitment to long term services of the Company, which is in line with the purpose of the Share Option Scheme.

Financial assistance : The Group has not provided any financial assistance to the Grantees to facilitate the purchase of Shares under the Share Option Scheme.

Among the total of 22,500,000 Share Options granted, (i) an aggregate of 4,500,000 Share Options were granted to ten employees of the Group; and (ii) an aggregate of 18,000,000 Share Options were granted to the following Directors, chief executives and/or substantial shareholder of the Company:

Name	Position held with the Company	Number of Share Options granted
Ms. Wang	Chief administrative and human resources officer, executive Director and substantial Shareholder	8,902,097
Mr. Feng	Chief financial officer and executive Director	5,913,416
Mr. Wang	Chief technology officer and executive Director	3,184,487
Other employees		<u>4,500,000</u>
Total		<u><u>22,500,000</u></u>

LISTING RULES IMPLICATIONS

The Grant to each of the above Directors, chief executives and/or substantial shareholder of the Company has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. Each of Mr. Feng, Mr. Wang and Ms. Wang has abstained from voting so far as the resolution for the approval of the grant of Share Options to him/her was concerned. Save as disclosed above, none of the other Directors has any interest in the Share Options, and therefore no other Directors has abstained from voting on the relevant resolution of the Board in respect of the grant of Share Options.

Pursuant to Rule 17.03D(1) of the Listing Rules and the terms of the Share Option Scheme, where any grant of share options to a participant would result in the shares issued and to be issued upon exercise of all share options granted and to be granted to such person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant of Share Options must be separately approved by Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

In addition, pursuant to Rule 17.04(3) of the Listing Rules and the terms of the Share Option Scheme, where the total number of Shares issued and to be issued upon exercise of the Share Options (excluding any options lapsed in accordance with the terms of the Share Option Scheme) granted to a substantial shareholder of the Company or any of his/her associates in any 12-month period up to and including the date of grant exceed 0.1% of the relevant class of Shares in issue, such grant must be approved by the Independent Shareholders in general meeting.

As (i) the total number of Shares issued and to be issued upon exercise of the Share Options proposed to be granted to Ms. Wang would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, and such grant would in a 12-month period exceed 1% of the Shares in issue; and (ii) the respective grant of Share Options to each of Mr. Feng and Mr. Wang would in a 12-month period exceed 1% of the Shares in issue, the proposed grant of Share Options carrying the rights to subscribe for 8,902,097, 5,913,416 and 3,184,487 new Shares to Ms. Wang, Mr. Feng and Mr. Wang, respectively, will therefore be subject to the approval by the Independent Shareholders at the AGM, where (i) Ms. Wang, Mr. Feng, Mr. Wang and their respective associates shall abstain from voting in favor of their respective relevant resolutions for the purpose of approving the grant of the Share Options to each of Ms. Wang, Mr. Feng and Mr. Wang; and (ii) additionally, all core connected persons of the Company shall also abstain from voting in favor of the relevant resolutions for the purpose of approving the grant of the Share Options to Ms. Wang, at the AGM pursuant to the Listing Rules.

Save as disclosed above and as of the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them, or otherwise a connected person of the Company; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider of the Company with options and awards granted and to be granted to each Grantee under the Share Option Scheme in any 12-month period exceeding 0.1% of the Shares in issue.

After the grant of the Share Options, the number of Shares available for future grant under the Share Option Scheme is nil.

A circular containing, among other things, further information in relation to the conditional grant of the Share Options to Ms. Wang, Mr. Feng and Mr. Wang together with the notice of the AGM, will be despatched to the Shareholders in due course.

By order of the Board
Howkingtech International Holding Limited
Chen Ping
Chairman and executive Director

Hong Kong, March 29, 2023

As of the date of this announcement, the executive Directors are Dr. Chen Ping, Ms. Wang Zheshi, Mr. Feng Yijing and Mr. Wang Jun; and the independent non-executive Directors are Mr. Gu Jiong, Mr. Yang Hai and Mr. Fong Wo, Felix.

* *For identification purpose only*