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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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO

- (I) THE NUMBER OF SHARES HELD BY A SUBSTANTIAL SHAREHOLDER;
AND
(II) OPEN OFFER**

Huazhang Technology Holding Limited (the “**Company**”) wishes to inform its shareholders and investors that the Company has recently been notified by Mr. Fang Hui (“**Mr. Fang**”), a substantial shareholder and an executive director of the Company, the number of shares of the Company (the “**Shares**”) personally owned and held by him was 7,400,000 Shares, instead of 7,440,000 Shares as disclosed in the disclosure of interests form (form 1) filed by his assistant on 14 June 2019 and certain documents published by the Company (including announcements, circulars, interim reports and annual reports) from December 2019 to March 2024.

NUMBER OF SHARES OWNED BY MR. FANG

Mr. Fang has provided the following explanation to the Company. Mr. Fang acquired 7,400,000 Shares on 27 June 2018. At the time of the acquisition, 7,400,000 Shares represented approximately 1.02% of the then entire issued share capital of the Company. As the percentage level was less than 5%, Mr. Fang was not required to file a disclosure of interests form. On 14 June 2019, Mr. Fang’s assistant filed a disclosure of interests forms (form 1) for and on behalf of Mr. Fang after a company wholly owned by Mr. Fang acquired certain bonds issued by the Company which were convertible into new Shares. Due to an inadvertent oversight, it was disclosed in this disclosure of interests form that the number of Shares held by Mr. Fang as beneficial owner was 7,440,000. It was also disclosed in the Company’s circular dated 3 December 2019 regarding the extension of maturity date of the bonds acquired by Mr. Fang that Mr. Fang held 7,440,000 Shares. As the difference was only 40,000 Shares, Mr. Fang was not aware of the clerical error. Mr. Fang informed the

Company that the errors in all the relevant disclosure of interests form will be promptly corrected. After the acquisition of 7,400,000 Shares in June 2018, Mr. Fang has not engaged in any further trading in the Shares.

Since then, Mr. Fang has acted under this honest mistaken belief that he was a beneficial owner of 7,440,000 Shares. For such reason, it was disclosed in various documents published by the Company (including announcements, circulars, interim reports and annual reports) that the number of Shares owned by Mr. Fang was 7,440,000.

The Company is currently making an open offer to its existing shareholders to subscribe new Shares (the “**Open Offer**”) which is fully underwritten by Dao He Investment Limited (the “**Underwriter**”), a company wholly owned by Mr. Fang. The Underwriter is a substantial shareholder of the Company, beneficially holding 153,846,153 Shares, representing approximately 14.46% of the number of Share in Issue. Each of the Underwriter and Mr. Fang has given an irrevocable undertaking to the Company to take up and pay for such number of new Shares under the Open Offer (the “**Open Offer Shares**”) which constitutes the entire assured allotment of Open Offer Shares in respect of the Shares legally and beneficially owned by the Underwriter and Mr. Fang. It was not until Mr. Fang applied for his assured allotment of the Open Offer Shares then he discovered the inadvertent clerical error and became aware of his mistaken belief.

OPEN OFFER

The Company had published the following documents in respect of the Open Offer: (i) an announcement on 1 December 2023 (the “**Announcement**”), (ii) a circular on 12 January 2024 (the “**Circular**”), (iii) a poll results announcement on 2 February 2024 (the “**Poll Results Announcement**”), and (iv) a prospectus on 15 March 2024 (the “**Prospectus**”). Unless the context otherwise requires, capitalised terms used hereafter shall have the same meaning as defined in the Prospectus.

As a result of the clarification on the number of Share personally owned by Mr. Fang, certain corresponding information previously disclosed by the Company in relation to the Open Offer will also need to be amended.

The Company wishes to clarify that the respective tables set out in the paragraphs headed “EFFECT OF THE OPEN OFFER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” on (i) page 19 of the Announcement, (ii) page 23 of the Circular, (iii) page 4 of the Poll Results Announcement, and (iv) pages 23 and 24 of the Prospectus, as well as the table set out in the paragraph “5.4 Potential dilution effect on the interests of the Independent Shareholders” under the section headed “Letter from the Independent Financial Adviser” on pages 54 and 55 of the Circular should be amended as follows (with the amendments underlined).

	As at the Latest Practicable Date		Immediately upon the Open Offer Completion, and assuming full acceptance by all Qualifying Shareholders		Immediately upon the Open Offer Completion, and assuming (a) no acceptance by any Qualifying Shareholder (other than the Underwriter and Mr. Fang); and (b) all the Unsubscribed Shares are placed under the Unsubscribed Arrangements		Immediately upon the Open Offer Completion, and assuming (a) no acceptance by any Qualifying Shareholder (other than the Underwriter and Mr. Fang); and (b) no Unsubscribed Shares are placed and all Unsubscribed Shares are taken up by the Underwriter	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Underwriter ⁽¹⁾	153,846,153	14.46	230,769,229	14.46	230,769,229	14.46	682,190,842	42.74
Mr. Fang	<u>7,400,000</u>	<u>0.70</u>	<u>11,100,000</u>	<u>0.70</u>	<u>11,100,000</u>	<u>0.70</u>	<u>11,100,000</u>	<u>0.70</u>
Sub-total	<u>161,246,153</u>	<u>15.16</u>	<u>241,869,229</u>	<u>15.16</u>	<u>241,869,229</u>	<u>15.16</u>	<u>693,290,842</u>	<u>43.44</u>
Mr. Chen Hongwei ⁽²⁾	182,000	0.02	273,000	0.02	182,000	0.01	182,000	0.01
Mr. Shi Chenghu ⁽³⁾	<u>89,452,000</u>	<u>8.41</u>	<u>134,178,000</u>	<u>8.41</u>	<u>89,452,000</u>	<u>5.60</u>	<u>89,452,000</u>	<u>5.60</u>
Sub-total⁽⁴⁾	<u>250,880,153</u>	<u>23.59</u>	<u>376,320,229</u>	<u>23.59</u>	<u>331,503,229</u>	<u>20.77</u>	<u>782,924,842</u>	<u>49.05</u>
Independent places	—	—	—	—	451,421,613	28.28	—	—
Other Shareholders	<u>813,209,225</u>	<u>76.41</u>	<u>1,219,813,838</u>	<u>76.41</u>	<u>813,209,225</u>	<u>50.95</u>	<u>813,209,225</u>	<u>50.95</u>
Total	<u>1,064,089,378</u>	<u>100.00</u>	<u>1,596,134,067</u>	<u>100.00</u>	<u>1,596,134,067</u>	<u>100.00</u>	<u>1,596,134,067</u>	<u>100.00</u>

Notes:

1. The Underwriter is an investment holding company beneficially and wholly owned by Mr. Fang. Under the Takeovers Code, Mr. Fang is a party acting in concert with the Underwriter by virtue of his shareholding in the Underwriter. As at the Latest Practicable Date, the Underwriter owned 153,846,153 Shares and Mr. Fang owned 7,400,000 Shares. Under the SFO, Mr. Fang was deemed to be interested in all the Shares registered in the name of the Underwriter.
2. Mr. Chen Hongwei is an executive Director. Under the Takeovers Code, as Mr. Chen Hongwei is a director of the Company which is subject to an offer that involves a whitewash application, he is presumed to be acting in concert with Mr. Fang under class (6) of the definition of “acting in concert”.
3. Mr. Shi Chenghu is a non-executive Director. Under the Takeovers Code, as Mr. Shi Chenghu is a director of the Company which is subject to an offer that involves a whitewash application, he is presumed to be acting in concert with Mr. Fang under class (6) of the definition of “acting in concert”.
4. This is a sub-total of issued Shares held/to be held by the Underwriter and the party acting in concert with it (namely, Mr. Fang) and the other Directors who held Shares as at the Latest Practicable Date. Save as disclosed in this table, no other Director held any Share as at the Latest Practicable Date.

In addition, the Company also wishes to clarify that the disclosures of:

- (a) the number of Shares held by Mr. Fang should be revised from 7,440,000 Shares to 7,400,000 Shares on pages 2, 3, 11 and 20 of the Announcement, pages 17, 27, 35, and IV-2 of the Circular and pages 19, 27 and IV-2 of the Prospectus;
- (b) (i) the number of Shares and/or underlying Shares held by Mr. Fang as beneficial owner should be revised from 11,160,000 to 11,100,000; and (ii) the number of Open Offer Shares to be taken up and paid by Mr. Fang should be revised from 3,720,000 to 3,700,000, on page IV-2 of the Circular and pages IV-1 to IV-2 of the Prospectus;
- (c) the number of Shares in aggregate held by the Underwriter and the party acting in concert with it (namely, Mr. Fang) and the other Directors who held Shares (namely, Mr. Chen Hongwei and Mr. Shi Chenghu) should be revised from 250,920,153 to 250,880,153 on page 29 of the Circular and page 2 of the Poll Results Announcement; and
- (d) the number of Shares entitling the Shareholders to attend and vote for or against the resolutions proposed at the EGM should be revised from 813,169,225 to 813,209,225 on page 2 of the Poll Results Announcement.

Save for the above, all other information contained in the Announcement, the Circular, the Poll Results Announcement, and the Prospectus remains unchanged. Further announcement in relation to the Open Offer will be made by the Company as and when appropriate.

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

Hong Kong, 11 April 2024

As at the date of this announcement, the executive Directors are Mr. Fang Hui 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.