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[FOR IMMEDIATE RELEASE]

Howkingtech International Holding Limited

濠曝科技國際控股有限公司*

(Incorporated under the laws of the Cayman Islands with limited liability)

Howkingtech Announces Proposed Listing on the Main Board of the Stock Exchange of Hong Kong

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Global Offering of 36,000,000 Offer Shares to Raise Gross Proceeds of up to HK\$118.08 Million at Offer Price Ranging from HK\$2.73 to HK\$3.28 per Share

(November 30, 2022, Hong Kong) **Howkingtech International Holding Limited** ("Howkingtech" or the "Company"; together with its subsidiaries, the "Group", stock code: 2440), a provider for data transmission and processing services for IoT applications and telecommunication equipment in China, announces today the details of the global offering (the "Global Offering") of its shares (the "Shares") and its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange of Hong Kong").

A total of 36,000,000 Shares (subject to the Over-allotment Option) (the "Offer Shares") are being offered or sold under the Global Offering, comprising an international offering (the "International Offering") of 32,400,000 Shares (subject to reallocation and the Over-allotment Option) and a Hong Kong public offering of 3,600,000 Shares (subject to reallocation) (the "Hong Kong Public Offering"), representing 90% and 10%, respectively, of the total number of the Offer Shares. The offer price (the "Offer Price") is expected to be not less than HK\$2.73 per Offer Share and not more than HK\$3.28 per Offer Share. The Over-allotment Option allows the issuance of up to 5,400,000 additional Shares, representing no more than 15% of the Offer Shares.

Ping An of China Capital (Hong Kong) Company Limited is the Sole Sponsor. China PA Securities (Hong Kong) Company Limited is the Overall Coordinator and Sole Global Coordinator. China PA Securities (Hong Kong) Company Limited, Innovax Securities Limited, Tiger Brokers (HK) Global Limited, CMBC Securities Company Limited and Valuable Capital Limited are the Joint Bookrunners and Joint Lead Managers. Central China International Capital Limited is a Joint Lead Manager. Lego Securities Limited is a Co-Manager.

Assuming an Offer Price of HK\$3.01 per Offer Share, being the mid-point of the Offer Price range, and assuming the Over-allotment Option is not exercised, the net proceeds from the Global Offering are estimated to be approximately HK\$69.4 million after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering. The Group intends to use the net proceeds for the following purposes:

- Approximately 49.0% or HK\$34.0 million will be used for improving private 5G network services;
- Approximately 15.7% or HK\$10.9 million will be used for researching and developing industrial WLAN;

- Approximately 8.7% or HK\$6.0 million will be used for developing a common digitalization foundation to further upgrade the Group's Universal IoT Platform;
- Approximately 7.4% or HK\$5.2 million will be used for upgrading R&D infrastructure;
- Approximately 9.9% or HK\$6.9 million will be used for further strengthening the Group's business development capabilities; and
- Approximately 9.3% or HK\$6.4 million will be used for additional working capital and other general corporate purpose.

The Group has entered into cornerstone investment agreements with two cornerstone investors, namely, Anji Kaize Private Equity Investment Fund Partnership (LLP) (安吉開澤私募股權投資基金合夥企業(有限合夥)) and Anji Jize Private Equity Investment Fund Partnership (LLP) (安吉吉澤私募股權投資基金合夥企業(有限合夥)). Pursuant to the cornerstone investment agreements, they have agreed to, subject to certain conditions, subscribe for a fixed number of 21,000,000 Shares in aggregate at the Offer Price, representing approximately 58.333% of the Offer Shares offered pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised) and 9.333% of the total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Well-positioned to capture growing demand for IoT solutions and telecommunication equipment

Howkingtech is a provider for data transmission and processing services for IoT applications and telecommunication equipment in China, serving a broad range of industrial customers. The Group mainly provided customized data transmission and processing services to customers in manufacturing, municipal services and other industries, and researched, developed and sold telecommunication equipment. The Group's advanced technologies, hardware & software integration capabilities, and strong service delivery capabilities nurtured it to become a fast-growing market player in China's IoT market. The Group's revenue generated from provision of data transmission and processing services for IoT applications and sales of telecommunication equipment in China increased by 56.0% from 2020 to 2021, which is higher than the growth rate of China's IoT market (2020 to 2021: 21.8%).

5G technologies have been commercialized in various industries since 2020. To capture the emerging market opportunities, the Group has strategically tapped into 5G business since 2019 and started to provide private 5G network services to customers in 2020. From 2019 to November 21, 2022, the Group had accomplished a total of 98 projects of data transmission and processing services for IoT applications, among which 18 projects were private 5G network service projects. The Group ranked eighth in China's private 5G network market in terms of revenue generated from private 5G network solutions and products in 2021. It is well-positioned to capture China's growing demand for IoT solutions and telecommunication equipment.

Offering one-stop data transmission and processing services with hardware and software integration and short service delivery capabilities

Leveraging its in-depth industry knowledge and customization skills, proven service delivery capacities, and strong hardware and software integration capabilities, the Group is able to offer one-stop services with hardware and software integration for customers in various industry verticals catering to their particular needs. The Group has established the double-centered R&D teams in Nanjing and Shenzhen primarily for hardware and software design, respectively, which enables the Group to provide the integrated option for customers with telecommunication equipment and data management platform.

In addition to its hardware and software integration capabilities, the Group's proven service delivery capabilities also underpin the foundation of its growth. The Group offers customized services and equipment to customers, including data transmission and processing services for IoT applications with high interoperability of network and effective management of data, and telecommunication equipment that caters to the customers' digital transformation needs of various aspects and phases. Besides, the Group is able to shorten the delivery period. The Group generally delivers data transmission and processing services to customers and obtains their confirmation of acceptance of services within four months immediately after the execution of relevant contracts. In contrast, according to Frost & Sullivan, it generally takes four to 36 months for IoT solutions in similar-sized projects on the market to complete delivery. The Group also strives to provide customers with considerate customer care and professional after-sale services. After delivering the solutions and equipment, the Group will dedicate a staff to provide after-sale services, supported by team members from both sales and R&D teams. The Group also endeavors to optimize and upgrade certain features of its products and services based on conforming the relevant industry standards.

Recognized as Nanjing Cultivated Unicorn Company for two consecutive years

Strong innovation and research capabilities underpinned the Group's sustainable market position in the competitive and fragmented IoT market in China. The Group has continuously expanded its R&D department, and as such, its R&D professionals represent 58.0% of the Group's total employees as of May 31, 2022. The Group's R&D department is composed of two in-house R&D teams, which are located in Nanjing and Shenzhen, focusing on the research and development in hardware of telecommunication equipment and software of data processing services, respectively. The hardware and software R&D teams collaborate closely during the service and equipment design process, enabling the Group to provide one-stop services to customers. The Group also conducted extensive R&D collaborations with other research institutions. For example, the Group established long-term cooperation with Nanjing Research Institute of Millimeter Wave and Terahertz Technology (南京銳瑪毫米波太赫茲技術研究院) in 2020, pursuant to which the Group can leverage their equipped experimental facilities and strong academic resources.

The Group incurred R&D expenses of RMB7.7 million, RMB7.0 million, RMB9.8 million and RMB5.3 million in 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively.

As of November 21, 2022, the Group had successfully obtained 93 utility model patents, 17 patents for invention, two patents for industrial design and 80 copyrights in China. Moreover, the Group has established a Universal IoT Platform as the centralized data platform of its data processing services, and developed transmission technology between multiple antennas (5G 2x2 MIMO technology) to enhance the data transmission rate and improve the quality of data transmission, which plays as the core technology of 5G technologies. The Group has also developed preprocessing technology of digital signal (CFR and DPD algorithm) to reduce the power consumption and cost and optimize the radio frequency performance of its 5G pico base station. The Group has been selected as Nanjing Cultivated Unicorn Company for two consecutive years in 2020 and 2021, and has been recognized as High and New Technology Enterprise since 2016.

Stable and growing revenue stream underpinned by diversified product portfolio

Through continuous upgrades, technology innovations and years of experience, the Group has a diversified portfolio of high-quality, customized, reliable and innovative telecommunication equipment, mainly including IoT antennas, vehicle mounted antennas and 5G telecommunication equipment. From 2019 to November 21, 2022, the Group had sold telecommunication equipment of 344 SKUs. The Group's pico base station has obtained Radio Transmission Equipment Type Approval Certificate in China. It characterizes its antennas by customization and reliability. The Group witnessed a continuous increase in customer orders and had not experienced any product return of the telecommunication equipment. The Group believes that sales of telecommunication equipment are expected to continue to bring stable revenue.

Strong overall profit growth and increased revenue share of 5G business

The Group's revenue increased from RMB80.9 million in 2019 to RMB189.6 million in 2021 at a CAGR of 53.1%, and further increased by 56.2% from RMB53.1 million for the five months ended May 31, 2021 to RMB82.9 million for the same period in 2022. The Group's net profit increased from RMB17.4 million in 2019 to RMB34.4 million in 2021 at a CAGR of 40.8%, and further increased by 66.6% from RMB6.3 million for the five months ended May 31, 2021 to RMB10.5 million for the same period in 2022.

Since the introduction of 5G technologies in the Group's data transmission and processing services and telecommunication equipment, revenue generated from 5G technologies-related equipment and services amounted to RMB2.0 million, RMB69.5 million, RMB72.9 million and RMB51.0 million in 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively, steadily becoming a substantial portion of the Group's overall revenue.

Dr. Chen Ping, Chairman of the Board, Chief Executive Officer and Executive Director of Howkingtech, said, "As a technology-driven company, we will further upgrade and improve our data transmission services, upgrade our Universal IoT Platform to optimize the utilization and management of data resources and application interface, continue to strengthen our R&D capabilities, and further enhance our marketing capabilities and broaden our customer base. In addition, we will selectively pursue strategic acquisitions to integrate industry resources. We believe that IoT will transform all aspects of the operation of enterprises in various industries. The Group will capture market opportunities to penetrate our data transmission and processing service business in China's IoT market, enhance our brand awareness, and strengthen our competitiveness."

The Hong Kong Public Offering is expected to commence at 9:00 am on November 30, 2022 (Wednesday) and to close at 12:00 noon on December 5, 2022 (Monday). The Offer Price is expected to be announced or published via various channels on December 9, 2022 (Friday). Dealings in Shares on the Stock Exchange are expected to commence on December 12, 2022 (Monday), with 2440 as the stock code.

Applicants may apply online through HK eIPO White Form service in the IPO App or at www.hkeipo.hk. Applicants can also give electronic application instructions to Hong Kong Securities Clearing Company Limited to process their applications.

- End -

** For identification purpose only*

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Howkingtech International Holding Limited Financials at a glance

Global Offering	:		36,000,000 Shares <i>(subject to the Over-allotment Option)</i>
Offering Structure	:		3,600,000 Shares <i>(subject to reallocation)</i>
- Hong Kong Public Offering	:		32,400,000 Shares <i>(subject to reallocation and the Over-allotment Option)</i>
- International Offering	:		5,400,000 Shares
Over-allotment Option	:		HK\$2.73 - HK\$3.28
Price Offer	:		<div style="display: flex; justify-content: space-around;"> <i>Based on Offer Price of HK\$2.73</i> <i>Based on Offer Price of HK\$3.28</i> </div>
Market Capitalization	:	HK\$614.3 million	HK\$738.0 million
Announcement of Allotment Results	:		December 9, 2022 (Friday)
Expected Listing Date	:		December 12, 2022 (Monday)
Stock Code	:		2440
No. of Shares per Board Lot	:		1,000

The following is a track record summary of Howkingtech International Holding Limited:

	Year ended December 31			Five months ended May 31	
	2019	2020	2021	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) <i>(Unaudited)</i>	(RMB'000)
Revenue	80,885	127,425	189,552	53,095	82,947
Profit before tax	18,635	32,793	40,068	6,877	11,178
Profit for the year / period	17,351	28,553	34,380	6,317	10,527