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Dowway Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8403)

COMPLETION OF PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER AND GRANT OF OPTION BY CONTROLLING SHAREHOLDER

Sole Placing Agent of the Controlling Shareholder



COMPLETION OF PLACING

Reference is made to the Announcement dated 10 October 2022 in relation to the Placing of existing Shares by the Vendor. On 2 December 2022, the Company was informed by the Vendor that the completion of the Placing took place on 30 November 2022. A total of 17,000,000 Placing Shares legally and beneficially owned by the Vendor were placed to 6 Placees at HK\$1.00 per Placing Share by the Placing Agent. Wing Ka Yuen, being one of the Placees, acquired 7,000,000 Placing Shares, representing 5.83% of the issued share capital of the Company.

GRANT OF OPTION BY THE VENDOR

The Company was also informed by the Vendor that the Vendor (as grantor) and Wing Ka Yuen (as grantee) entered into an option agreement on 2 December 2022, pursuant to which the Vendor has granted an option to Wing Ka Yuen which entitles it to purchase from the Vendor up to 12,000,000 Option Shares at an exercise price of HK\$1.00 per Share within the exercise period of 2 years from the date of the option agreement.

CHANGE OF SHAREHOLDING

Upon completion of the Placing, the shareholding interest of the Vendor in the Company is 38.87%, which will be reduced to 28.87% upon the exercise of the Option in full by Wing Ka Yuen (assuming no further Shares is issued or repurchased by the Company before the exercise of the Option).

As at the date hereof, Wing Ka Yuen is interested in 11,987,500 Shares which represent approximately 9.99% of issued share capital of the Company. After its exercise of the Option in full, its shareholding interest in the Company will be increased to 19.99% (assuming no further Shares is issued or repurchased by the Company before the exercise of the Option).

Reference is made to the announcement of the Company dated 10 October 2022 (the “**Announcement**”) in relation to the Placing of existing shares of the Company (the “**Shares**”) by the Vendor. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF PLACING

On 2 December 2022, the Company was informed by the Vendor that the completion of the Placing took place on 30 November 2022. A total of 17,000,000 Placing Shares legally and beneficially owned by the Vendor were placed to 6 Placees at HK\$1.00 per Placing Share by the Placing Agent pursuant to the terms and conditions of the Placing Agreement. The 17,000,000 Placing Shares represent 14.17% of the issued share capital of the Company.

Wing Ka Yuen Company Limited (“**Wing Ka Yuen**”), being one of the Placees, acquired 7,000,000 Placing Shares, representing 5.83% of the issued share capital of the Company.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (i) the Placees (including Wing Ka Yuen) and where appropriate, their respective ultimate beneficial owners, are third parties independent of and not connected with nor acting in concert with the Company or any of its connected persons, or the Vendor and its associates; and (ii) none of the Placees became a substantial shareholder (have the same meaning as in the GEM Listing Rules) of the Company upon completion of the Placing.

GRANT OF OPTION BY THE VENDOR

On 2 December 2022, the Company was informed by the Vendor that the Vendor (as grantor) and Wing Ka Yuen (as grantee) entered into an option agreement on 2 December 2022, pursuant to which the Vendor has granted an option to Wing Ka Yuen which entitles it to purchase from the Vendor up to 12,000,000 Shares (the “**Option Shares**”) at an exercise price of HK\$1.00 per share within the exercise period of 2 years from the date of the option agreement (the “**Option**”).

Below are the major terms of the Option:

- (i) The Option may be exercised within 2 years from the date of the option agreement (or such other date as the parties may agree in writing).
- (ii) The exercise price is HK\$1.00 per Option Share.
- (iii) The Option shall lapse immediately following the expiry of the exercise period and neither party shall have any claim against the other as a result of such lapse of the Option.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date hereof, Wing Ka Yuen is the legal and beneficial owner of 11,987,500 Shares, 7,000,000 Shares of which were acquired from the Vendor via Placing and the balance were acquired from an independent third party on 25 October 2022 at HK\$1.00 per Share.

The table below sets out the changes to the shareholding structure of the Company as a result of the Placing and the exercise of Option:

	Immediately before completion of the Placing		Immediately upon completion of the Placing (before the Option is exercised)		Immediately after the Option is exercised in full	
	Number of Shares	Approx % (Note 3)	Number of Shares	Approx % (Note 3)	Number of Shares	Approx % (Note 3)
Directors						
Vendor ^(Note 1)	63,645,000	53.04	46,645,000	38.87	34,645,000	28.87
Mr. Ma Yong	1,000,000	0.83	1,000,000	0.83	1,000,000	0.83
Mr. Yan Jinghui	<u>1,000,000</u>	<u>0.83</u>	<u>1,000,000</u>	<u>0.83</u>	<u>1,000,000</u>	<u>0.83</u>
Sub-total	<u>65,645,000</u>	<u>54.70</u>	<u>48,645,000</u>	<u>40.53</u>	<u>36,645,000</u>	<u>30.53</u>
Public Shareholders						
The Placees (excluding Wing Ka Yuen)	—	—	10,000,000	8.34	10,000,000	8.34
Wing Ka Yuen ^(Note 2)	4,987,500	4.16	11,987,500	9.99	23,987,500	19.99
Other public shareholders	<u>49,367,500</u>	<u>41.14</u>	<u>49,367,500</u>	<u>41.14</u>	<u>49,367,500</u>	<u>41.14</u>
Sub-total	<u>54,355,000</u>	<u>45.30</u>	<u>71,355,000</u>	<u>59.47</u>	<u>83,355,000</u>	<u>69.47</u>
Total	<u>120,000,000</u>	<u>100.00</u>	<u>120,000,000</u>	<u>100.00</u>	<u>120,000,000</u>	<u>100.00</u>

Notes:

1. A&B Development Holding Limited is a company incorporated in the British Virgin Islands (“BVI”) and is wholly owned by Mr. Huang Xiaodi who is the Chairman, chief executive officer and executive Director of the Company. Mr. Huang Xiaodi is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
2. Wing Ka Yuen is a company incorporated in the BVI and is wholly-owned by Mr. Dong Kejia. Mr. Dong Kejia is deemed to be interested in all the Shares held by Wing Ka Yuen for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
3. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

Upon completion of the Placing, the shareholding interest of the Vendor in the Company is reduced from 53.04% to 38.87% of the issued share capital of the Company and the Vendor remains to be a controlling shareholder (as defined under the GEM Listing Rules) of the Company. In the event that the Option is exercised in full and assuming no further Shares is issued or repurchased by the Company before the exercise of the Option, the Vendor's interest will be further reduced to 28.87%.

As at the date hereof, Wing Ka Yuen is interested in 11,987,500 Shares which represent approximately 9.99% of issued share capital of the Company. After its exercise of the Option in full, its shareholding interest in the Company will be increased to 19.99% (assuming no further Shares is issued or repurchased by the Company before the exercise of the Option).

By order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 2 December 2022

As at the date of this announcement, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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