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Dowway Holdings Limited
天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8403)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 3 June 2024 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 4,000,000 Subscription Shares at the Subscription Price of HK\$1 per Subscription Share.

The Subscription Shares represent (i) approximately 3.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.23% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming there will be no change in the issued share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares).

The estimated aggregate gross and net proceeds of the Subscription will be HK\$4 million and approximately HK\$3.95 million respectively, which are intended to be used for general working capital of the Group.

The Subscription Shares will be allotted and issued under the General Mandate. The allotment and issue of the Subscription Shares is not subject to the separate Shareholders' approval.

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing or contemplate dealing in the shares or other securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

3 June 2024

Parties to the Subscription Agreement

- (i) the Company; and
- (ii) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party. He is a shareholder and director in various companies and one of which is a customer of the Group, where the Group supplies goods and provides e-commerce related solution to the Subscriber's company.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$1 per Subscription Share.

Assuming there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 3.33% of the existing issued share capital of the Company as at the date of this announcement; and

- (ii) approximately 3.23% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is US\$8,000.

Subscription Price

The Subscription Price of HK\$1 per Subscription Share represents:

- (i) a premium of approximately 20.48% over the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 26.58% over the average closing price of approximately HK\$0.79 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and

The gross proceeds and net proceeds from the Subscription will be HK\$4 million and approximately HK\$3.95 million respectively and the net Subscription Price per Subscription Share is approximately HK\$1.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the market condition. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

The consideration of the Subscription of HK\$4 million shall be paid on or before Completion.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the Completion Date.

Condition of the Subscription

The Subscription Agreement is conditional upon the Stock Exchange granting and not having withdrawn or revoked approval for the listing of, and permission to deal in the Subscription Shares prior to settlement of the Subscription Shares.

If the condition precedent set out above is not fulfilled on or before 24 June 2024 (or such other date as may be agreed between the Company and the Subscriber in writing), all rights and obligations of the parties of the Subscription Agreement shall cease and determine and none of the parties thereto shall have any claim against the others in respect of the Subscription Agreement (save for any antecedent breaches thereof) and the Company shall return to the Subscriber the subscription consideration received without interest.

Lock-up Restriction

The Subscriber undertakes to the Company (and its successors and assigns) that, within 12 months after completion of the Subscription, he shall not, directly or indirectly:

- (i) transfer or dispose of, nor enter into any agreements to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Subscription Shares or any interest in such Subscription Shares (which includes any interest in a company which holds the Subscription Shares) or securities that constitute or confer the right to receive the Subscription Shares or securities convertible into or exercisable or exchangeable for or repayable with the Subscription Shares;
- (ii) enter into a swap agreement or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the ownership of the Subscription Shares, whether any such swap agreement or other agreement or transaction is to be settled by delivery of the Subscription Shares or the securities, in cash or otherwise; or
- (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) and/or (ii) above.

Completion of the Subscription

Completion of the Subscription shall take place within seven (7) Business Days immediately after the fulfilment of the condition precedent as set out in the Subscription Agreement or such other date as the Company and the Subscriber may agree in writing.

INFORMATION ON THE SUBSCRIBER

Based on the information provided to the Company, the Subscriber is an entrepreneur. The Subscriber, through his various companies based in China, primarily operates a one-stop full-category consumer goods leasing digital technology platform business. The Subscriber has extensive experience and a strong market position in this industry.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 24,000,000 Shares, representing 20% of the total number of issued Shares as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

As part of the Company's continuous development strategy to maintain sustainable growth and profitability, the Company has been actively exploring new business opportunities suitable for the Group's expansion into the consumer market and service industry. In order to enhance the Group's digital service capability to target clients, the Group aims to develop an ERP SaaS technology solution, integrating supply chain management and customer relationship management function specifically for enterprise clients in the e-commerce business based on the characteristics and development trends of the e-commerce business.

To deepen the vertical segments to provide additional services for target customers, the Group plans to develop an e-commerce platform business in Hong Kong by leveraging the Group's existing online advertising and marketing experience, such e-commerce platform will provide one-stop e-commerce solutions, integrating supply chain management, third party payments function.

The Directors are of the view that the Subscription is in the interests of the Company and its Shareholders as a whole as the Subscription will provide additional capital for the Group's e-commerce business operation development and will also strengthen the Group's financial position. Meanwhile, the Subscription will also broaden the Shareholders' base and strength the Group's resources in e-commerce given that the Subscriber has profound knowledge and network in e-commerce. The Directors consider that the terms of the Subscription Agreement, including the subscription price, are on normal commercial terms after arm's length negotiation and are fair and reasonable.

The estimated aggregate gross and net proceeds of the Subscription will be HK\$4 million and approximately HK\$3.95 million respectively, which are intended to be used for general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

For illustrative purposes only, assuming that there is no allotment and issue of new Shares from the date of this announcement up to the completion of the Subscription, the shareholding structure of the Company (i) as at the date of this announcement and (ii) the effect on the shareholding structure upon completion of the Subscription are set out below:

Name of Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
A&B Development Holding Limited	43,645,000	36.37	43,645,000	35.20
Wing Ka Yuen Company Limited	23,987,500	19.99	23,987,500	19.34
The Subscriber	—	—	4,000,000	3.23
Public Shareholders	<u>52,367,500</u>	<u>43.64</u>	<u>52,367,500</u>	<u>42.23</u>
Total	<u>120,000,000</u>	<u>100.00</u>	<u>124,000,000</u>	<u>100.00</u>

WARNINGS

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. Therefore, the Subscription may or may not complete. Shareholders and potential investors of the Company are reminded to exercise caution when dealing or contemplate dealing in the shares or other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 24 May 2024 at which, among other things, the General Mandate was granted by the Shareholders to the Directors
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong and PRC
“Company”	Dowway Holdings Limited (天平道合控股有限公司) (stock code: 8403), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM Board of the Stock Exchange
“Completion”	completion of the Subscription
“Completion Date”	a date falling on the seventh Business Days after fulfilment of the condition precedent in the Agreement, or such other date as the parties to the Agreement may agree in writing
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	Director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot and issue with the additional shares of the Company by up to 20% of the total number of issued shares of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	independent third party who is independent of, and not connected with, the Company and its connected persons
“PRC”	the People’s Republic of China and for the purpose of this announcement excludes Hong Kong, Macao Special Administration Region and Taiwan
“Share(s)”	ordinary share(s) of US\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Li Wenjie (李文杰), an individual investor
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 3 June 2024 and entered into between the Company and Subscriber in respect of the Subscription
“Subscription Price”	HK\$1 per Subscription Shares
“Subscription Shares”	4,000,000 new Shares to be subscribed by the Subscriber pursuant to the terms and conditions of the Subscription Agreement

“US\$”	U.S. dollars, the lawful currency of U.S.
“U.S.”	United States of America
“%”	per cent

By order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 3 June 2024

As at the date of this announcement, the executive Directors are Mr. Huang Xiaodi, Mr. Chen Xicheng, Mr. Yan Jinghui, Mr. Dong Kejia and Mr. Shum Ngok Wa; the non-executive Director is Mr. Lian Mingcheng; and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi, and Mr. Tsoi Ka Shing.

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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange at <https://www.hkexnews.hk> for at least 7 days from the date of its publication and published on the website of the Company at www.dowway-exh.com.