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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dowway Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) CONNECTED TRANSACTION —
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

Rainbow Capital (HK) Limited

Terms used in this circular (including this cover page) are defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 5 to 17 of this circular.

A notice convening EGM to be held at Conference Room, 5th Floor, Room 501, Run Cheng Centre, No. 12 Dongdaqiao Road, Chaoyang District, Beijing 100020, PRC on Friday, 1 August 2025 at 10:00 a.m. is set out on pages 51 to 53 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company on 15 July 2025 as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Wednesday, 30 July 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

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

15 July 2025

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|---------------------------|---|
| “Announcements” | the announcement of the Company dated 27 May 2025, the supplemental announcement of the Company dated 13 June 2025 and the supplemental announcement of the Company dated 10 July 2025 in relation to, among other matters, the Placing and Subscription |
| “Board” | the board of Directors |
| “close associate” | has the meaning ascribed to it under the GEM Listing Rules |
| “Companies Act” | the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time |
| “Company” | Dowway Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on GEM |
| “Completion” | Completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement |
| “controlling shareholder” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held at Conference Room, 5th Floor, Room 501, Run Cheng Centre, No. 12 Dongdaqiao Road, Chaoyang District, Beijing 100020, PRC on Friday, 1 August 2025 at 10:00 a.m. or any adjournment thereof and notice of which is set out on pages 51 to 53 of this circular |
| “GEM” | GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended from time to time |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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|---------------------------------|--|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Xu Shuang, Mr. Ma Lin, Mr. Tam Chak Chi and Ms. Yau Yin Tan, established to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder |
| “Independent Financial Adviser” | Rainbow Capital (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “Independent Shareholders” | the Shareholders other than Mr. Li and his associates |
| “Latest Practicable Date” | Thursday, 10 July 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Last Trading Day” | 27 May 2025, being the date of the Subscription Agreement |
| “Long Stop Date” | 8 August 2025 or such other date as the parties to the Subscription Agreement may agree in writing |
| “Mr. Li” or “Subscriber” | Mr. Li Huaguo, the subscriber under the Subscription Agreement and an executive Director |
| “Placing” | the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the condition set out in the Placing Agreement |
| “Placing Agent” | Theia Securities Limited, the placing agent of the Company for the Placing and a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO |

DEFINITIONS

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| “Placing Agreement” | the conditional placing agreement dated 27 May 2025 (as amended by the Placing Supplemental Letter) and entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Share(s)” | the 12,000,000 new Shares placed pursuant to the Placing Agreement |
| “Placing Supplemental Letter” | the letter of agreement supplemental to the Placing Agreement dated 13 June 2025 and entered into between the Company and the Placing Agent in respect of certain amendments to the Placing Agreement |
| “PRC” | the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “Promissory Note” | the 2% interest bearing promissory note issued by the Company in the principal amount of HK\$7,000,000 due in October 2025 for the settlement of the acquisition of the IT target companies as disclosed in the announcement of the Company dated 28 April 2025 |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time |
| “Share(s)” | ordinary share(s) of nominal value of US\$0.002 each in the capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of the Subscription Shares by Mr. Li pursuant to the terms and conditions of the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 27 May 2025 (as amended by the Subscription Extension Letter) and entered into by the Company as issuer and Mr. Li as subscriber in relation to the Subscription |

DEFINITIONS

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|---------------------------------|---|
| “Subscription Extension Letter” | the extension letter supplemental to the Subscription Agreement dated 10 July 2025 and entered into between the Company and Subscriber in respect of, among others, the extension of the Long Stop Date |
| “Subscription Price” | HK\$1.14 per Subscription Share |
| “Subscription Share(s)” | 6,000,000 new Shares to be subscribed by Mr. Li pursuant to the terms and conditions of the Subscription Agreement |
| “US\$” | U.S. dollars, the lawful currency of United States of America |
| “%” | per cent. |

LETTER FROM THE BOARD



Dowway Holdings Limited

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8403)

Executive Directors:

Mr. Huang Xiaodi (*Chairman of the Board
and Chief Executive Officer*)

Mr. Li Huaguo

Mr. Chen Xicheng

Mr. Yan Jinghui

Mr. Dong Kejia

Mr. Shum Ngok Wa

Non-executive Director:

Mr. Lian Mingcheng

Independent non-executive Directors:

Ms. Xu Shuang

Mr. Ma Lin

Mr. Tam Chak Chi

Ms. Yau Yin Tan

Registered office:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal place of

business in Hong Kong:

Room 529-533, 5/F

Beverley Commercial Centre

87-105 Chatham Road

Tsim Sha Tsui

Kowloon

Hong Kong

15 July 2025

To the Shareholders

Dear Sirs or Madams

**(1) CONNECTED TRANSACTION —
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcements.

LETTER FROM THE BOARD

On 27 May 2025 (after trading hours), the Company entered into the Subscription Agreement with Mr. Li as subscriber, pursuant to which the Company conditionally agreed to allot and issue, and Mr. Li conditionally agreed to subscribe for, 6,000,000 Subscription Shares at the price of HK\$1.14 per Subscription Share for a total Subscription Price of HK\$6,840,000.

The purpose of this circular is to provide you with, among others, (i) details of the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (iv) other information as required under the GEM Listing Rules, together with a notice convening the EGM.

THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date: 27 May 2025

Parties: (i) the Company as issuer; and
(ii) Mr. Li as subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Li is an executive Director and hence a connected person of the Company. As at the Latest Practicable Date, Mr. Li was interested in 11,000,000 Shares, representing approximately 7.43% of the total issued shares of the Company. Mr. Li has over 20 years of experience in the new metal material industry and has served in management positions at various private companies. For details on Mr. Li's background, please refer to the Company's annual report for the year ended 31 December 2024 dated 25 April 2025.

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\$1.14 per Subscription Share.

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

- (i) approximately 4.41% of the existing issued share capital of the Company as at the date of the Subscription Agreement;
- (ii) approximately 4.05% of the issued share capital of the Company as at the Latest Practicable Date; and

LETTER FROM THE BOARD

- (iii) approximately 3.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$1.14 per Subscription Share represents:

- (i) a discount of approximately 20.83% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 18.57% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 19.61% to the average closing price of approximately HK\$1.418 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day; and
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 0.85%, which is calculated based on the theoretical diluted price of approximately HK\$1.406 per Share, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$1.40 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Subscription Agreement of approximately HK\$1.418 per Share.

The aggregate Subscription Price of HK\$6.84 million shall be paid on or before Completion. The gross proceeds and net proceeds from the Subscription will be HK\$6.84 million and approximately HK\$6.6 million respectively and the net Subscription Price per Subscription Share is approximately HK\$1.10.

Basis of determination of the Subscription Price

In view of the ongoing cashflow constraints of the Company as further elaborated in the section headed “*Reasons for and benefit of the Subscription and use of proceeds*” below, the Subscriber has expressed to the Board his willingness to support the Company by subscribing for new Shares. Simultaneously, the Company has been pursuing further fundraising opportunities and in or around mid-May 2025, the Company was able to identify the Placing Agent to carry out the Placing. As the Subscriber has previously expressed his interest in undertaking Shares subscription prior to the negotiation of the Placing taking place, and taking into account the proximity of his potential Shares subscription and the Placing, the Subscriber has indicated that the Subscription shall be on similar terms as the Placing. To avoid potential conflict of interests, the Subscriber has not taken part in the negotiation of the terms of the Placing between the Company and the Placing Agent and has abstained from voting in the relevant Board resolutions for approving both the Placing and the Subscription.

LETTER FROM THE BOARD

Hence, the Subscription Price was determined based on the Placing Price which in turn was determined on arm's length basis with reference to the current market conditions, prevailing market prices and liquidity of the Shares. In determining the Placing Price (and hence the Subscription Price), the Board and the Placing Agent had taken into account the closing price of the Shares during the period from January 2025 to May 2025 (immediately prior to the date of the Placing Agreement and Subscription Agreement). The Placing Agent noted that the Share price surged from 22 April 2025 onwards, while the average closing price in January, February, March and April 2025 were HK\$0.79, HK\$0.81, HK\$1.07 and HK\$1.20, respectively. The average daily trading volume of the Shares from January to April 2025 was approximately 80,000. The Placing Agent was also aware of the Company's historical loss-making position in 2023 and 2024. Hence, despite the increase in trading price and volume of the Shares in May 2025, the Placing Agent, taking into account the low liquidity of the Shares and the sudden surge in the trading price, requested a discount to the benchmark price. The Board considered that the Placing Price (and hence the Subscription Price), representing a discount of approximately 19.61% to the average closing price of HK\$1.418 per Share for the last five trading days immediately prior to the date of the Placing Agreement, would likely attract investors while ensuring compliance with the GEM Listing Rules requirements for issuing new shares under the general mandate. After further consideration of the imminent funding needs of the Company, the business plan of the Group, and the fact that the size of the Placing and the Subscription was comparable to the aggregate size of all three Share subscriptions conducted over the past 12 months, the Company decided to proceed with both the Placing and the Subscription to secure sufficient funds for the Group's general working capital.

The Directors further considered that, since the Placing and the Subscription were conducted simultaneously, having an identical Placing Price and Subscription Price is fair and does not create preferential treatment to either the Placees or the Subscriber. Additionally, and given that the Subscription under specific mandate would result in a minimal theoretical dilution effect of -0.85%, the Directors consider that the identical Placing Price and Subscription Price strikes a fair balance between the interest of the Placees, the Subscriber and existing Shareholders. Accordingly, 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.

Ranking of the Subscription Shares

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 date of Completion.

LETTER FROM THE BOARD

Conditions of the Subscription

The Subscription is conditional upon fulfillment of the following conditions:

- (i) the passing of an ordinary resolution at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of poll; and
- (ii) the listing committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Subscription Shares on the Stock Exchange.

None of the conditions precedent can be waived by the parties to the Subscription Agreement. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled. If the conditions precedent set out above are not fulfilled on or before the Long Stop Date (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 where the Subscription money has been paid before Completion, the Company shall return to the Subscriber the Subscription money received without interest. As at the Latest Practicable Date, the Company has received part of the Subscription money in the amount of HK\$1,000,000, and the balance of the Subscription money will be paid by the Subscriber on or before Completion.

Completion of the Subscription

Completion of the Subscription will take place at 4:00 p.m. on the third Business Days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties of the Subscription Agreement).

Mandate to issue the Subscription Shares

The issue of the 6,000,000 Subscription Shares will be made pursuant to the specific mandate to be sought from the Independent Shareholders at the EGM.

Application for Listing

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

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in design, planning, coordination and management of exhibitions, events and showrooms, media advertising events and electronic commerce (“e-commerce”) services in the PRC.

LETTER FROM THE BOARD

As disclosed in the 2024 Annual Report, as at 31 December 2024, the Company has cash balance of approximately RMB6.2 million, accruals and other payables of approximately RMB17.56 million and interest-bearing borrowings of approximately RMB26.56 million. Among the cash balance of approximately RMB6.2 million, approximately RMB5.5 million was kept in the Group's PRC subsidiaries and approximately RMB0.7 million was retained in Hong Kong and was available for the Company's use. Of the total borrowings of approximately RMB26.56 million, approximately 62.23% are repayable in 2025, while approximately 37.67% will be repayable by April 2026. Based on the Company's projection, it is in need of approximately HK\$12 million general working capital in its ordinary course of business. The Company considered that it is not feasible to fully rely on the Company's limited cash balances, cashflow generated from its business activities, or other trade receivables to address the deficit in general working capital. This was because substantial funds had to be maintained and reinjected to cover direct business and operation costs in order to sustain the Group's level of business operations. The Company therefore resorted to external financings for other indirect general working capital needs of the Group, including but not limited to directors' and staff remuneration, professional fees and other administrative expenses. Despite the Company having conducted several subscriptions of new Shares under general mandate in the past 12 months, the unused subscription proceeds of HK\$3,450,000 is expected to be fully utilised by the end of July 2025. In addition, as disclosed in the Announcements, majority of the net proceeds from the Placing would be utilized for the repayment of the Promissory Note and the R&D costs. Both of these uses are crucial and essential for the continuing development of the Group's digital technology services. As a result, the portion of Placing proceeds available for the Company's general working capital is limited. Accordingly, there remain short to medium term working capital needs and the Board has resolved to allocate the remaining part of the Placing net proceeds and the entirety of the Subscription proceeds for the general working capital of the Company. The Company further considered that the Placing proceeds will be fully utilized by October 2025 and will not be sufficient to meet the projected capital needs of the Company, the Subscription is therefore necessary.

LETTER FROM THE BOARD

The Board is also of the view that the Subscription is the best available fundraising option after evaluating alternative fundraising methods. With regard to debt financing, the Group's high gearing ratio of approximately 774.27% has posed significant challenges in securing additional debt financing. Moreover, further increasing the Group's debt level would not be beneficial due to the associated increase in finance costs. With regard to other equity financing methods, given the low liquidity of the Shares, the Directors consider that it is not feasible to garner sufficient interests from existing Shareholders and potential investors for large scale equity fundraisings such as rights issue or open offer. Additionally, the costs associated with such fundraising activities, particularly underwriting commissions, are significantly higher compared to the Subscription. The historical low liquidity of the Shares suggests that the Company may encounter difficulty in identifying new investor(s) and that there is no assurance that the trading price will remain at the current level should the Company pass on the present Subscription opportunity, particularly the trading price of the Shares in May 2025 was at a three-year high. Hence, even with a substantial discount to the prevailing market price, the Subscription Price remains higher than the average closing price of the Shares from January to March 2025 and represents only a modest discount of approximately 5% to the average closing price of the Shares in April 2025. Given the uncertainty surrounding future fundraising efforts, the Company is of the view that it is in the interest of the Company to proceed with the Subscription Agreement simultaneously with the Placing Agreement, as the Subscription provides immediate certainty to satisfy the Company's funding need. In addition, since the Subscriber is a connected person of the Company, the subscription of new Shares by the Subscriber is subject to the independent Shareholders' approval, regardless of whether the new Shares are to be issued under the general mandate or specific mandate. Therefore, the Board considers it to be in the best interest of the Company and its Shareholders to conduct the Subscription under a specific mandate. This approach helps preserve the general mandate, providing additional flexibility for the Group's future financing needs. Furthermore, the theoretical dilution effect of -0.85% is minimal and does not significantly impact the interests of existing Shareholders. Having considered the above, the Board is of the view that the Subscription is in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The estimated gross and net proceeds of the Subscription will be HK\$6.84 million and approximately HK\$6.6 million, respectively, if the Subscription materializes, the Company intends to use the net proceeds from the Subscription for provision of general working capital and strengthening the financial position of the Group. Details of the intended use of proceeds and expected timeline for utilization are set out below:

| Intended use of proceeds | Amount of proceeds allocated for intended use <i>HK\$'000</i> | Expected timeline for utilisation |
|---|--|--|
| General working capital | | |
| — Approximately 47.27% for payment of staff salary and office rents and rates | 3,120 | 31 March 2026 |
| — Approximately 24.24% for payment of professional fees, including but not limited to legal fees, audit fees and share registrar fees | 1,600 | 31 March 2026 |
| — Approximately 20.91% for annual listing fee, annual ADR expense, Cayman Islands annual fee | 1,380 | 31 March 2026 |
| — Approximately 7.58% for other administrative expenses | 500 | 31 March 2026 |

Taking into account the above, the Directors (including the independent non-executive Directors) are of the view that the Subscription Agreement is on normal commercial terms and the Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li (being an executive Director) has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder by virtue of his interest in the Subscription. Save and except for Mr. Li, none of the other Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has conducted the following fund-raising activity involving issue of securities in the twelve (12) months before the date of the Latest Practicable Date:

| Date of announcement | Fund-raising activity | Net proceeds (approximately) | Intended use of gross proceeds as announced | Actual use of net proceeds |
|----------------------|--|------------------------------|---|---|
| 24 June 2024 | Subscription of new shares under general mandate | HK\$3,950,000 | HK\$3,950,000 for the general working capital | HK\$3,950,000 for the general working capital |
| 31 October 2024 | Subscription of new shares under general mandate | HK\$2,950,000 | HK\$2,950,000 for the general working capital | HK\$2,950,000 for the general working capital |
| 19 March 2025 | Subscription of new shares under general mandate | HK\$8,950,000 | HK\$8,950,000 for the general working capital | HK\$5,500,000 has been used for the general working capital and the remaining will be used up by end July 2025 as announced |
| 27 May 2025 | Placing of new Shares under general mandate | HK\$13,680,000 | (i) HK\$7,000,000 for the repayment of the Promissory Note; (ii) HK\$4,000,000 for the development of online trading platform and intelligent warehouse management systems for advanced metal materials trading; and (iii) the remaining net proceeds for general working capital | Not yet used |

Save as disclosed above, the Company has not conducted any equity fundraising exercises in the twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE

For illustrative purposes only, assuming that there is no allotment and issue of new Shares from the Latest Practicable Date up to the completion of the Subscription, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Subscription, are set out below:

| Name of Shareholders | As at the Latest Practicable Date | | Immediately upon completion of the Subscription | |
|--|-----------------------------------|------------------|---|------------------|
| | <i>No. of</i> | | <i>No. of</i> | |
| | <i>Shares</i> | <i>Approx. %</i> | <i>Shares</i> | <i>Approx. %</i> |
| A&B Development Holding Limited (“A&B”) <i>(notes 1 & 3)</i> | 33,645,000 | 22.73 | 33,645,000 | 21.85 |
| Wing Ka Yuen Company Limited (“Wing Ka Yuen”) <i>(notes 2 & 3)</i> | 11,987,500 | 8.10 | 11,987,500 | 7.78 |
| Mr. Li <i>(note 3)</i> | 11,000,000 | 7.43 | 17,000,000 | 11.04 |
| Public Shareholders | <u>91,367,500</u> | <u>61.73</u> | <u>91,367,500</u> | <u>59.33</u> |
| Total | <u>148,000,000</u> | <u>100.00</u> | <u>154,000,000</u> | <u>100.00</u> |

Notes:

- (1) The entire issued share capital of A&B is beneficially owned by Mr. Huang Xiaodi. Mr. Huang is deemed, or taken to be, interested in all shares held by A&B under Part XV of the SFO.
- (2) The entire issued share capital of Wing Ka Yuen is beneficially owned by Mr. Dong Kejia. Mr. Dong is deemed, or taken to be, interested in all Shares held by Wing Ka Yuen under Part XV of the SFO.
- (3) As disclosed in the announcement of the Company dated 14 May 2025, (1) A&B, as seller and Mr. Li, as purchaser, entered into a conditional agreement in relation to the sale and purchase of 15,000,000 Shares; and (2) Wing Ka Yuen, as seller, and Mr. Li, as purchaser, entered into a conditional agreement in relation to the sale and purchase of 4,000,000 Shares. As at the Latest Practicable Date, save for A&B having completed the transfer of 1,000,000 Shares to Mr. Li, no other Share has been transferred to Mr. Li under the aforesaid conditional agreements. For illustrative purpose only, (i) assuming the aggregate of 19,000,000 Shares are fully transferred to Mr. Li under the aforesaid conditional agreements; (ii) there is no other change in the number of Shares beneficially owned by A&B, Wing Ka Yuen and Mr. Li; and (iii) there is no allotment and issue of new Shares from the Latest Practicable Date, A&B’s shareholding in the Company shall reduce to 19,645,000 Shares, Wing Ka Yuen’s shareholding in the Company shall reduce to 7,987,500 Shares, and Mr. Li’s shareholding shall increase to 35,000,000 Shares, representing approximately 12.76%, 5.19% and 22.73% respectively upon completion of the Subscription.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As Mr. Li is an executive Director, he is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Xu Shuang, Mr. Ma Lin, Mr. Tam Chak Chi and Ms. Yau Yin Tan, has been established to advise the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Mr. Li and his associates are interested in 11,000,000 Shares, representing approximately 7.43% of the issued share capital of the Company as at the Latest Practicable Date and will abstain from voting the resolution to approve the Subscription Agreement and the transactions thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transactions thereunder at the EGM.

THE EGM

The EGM will be convened and held at Conference Room, Room 501, 5th Floor, Run Cheng Centre, No. 12 Dongdaqiao Road, Chaoyang District, Beijing 100020, PRC on Friday, 1 August 2025 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution approving the Subscription Agreement and the transactions contemplated thereunder. The notice of the EGM is set out on pages 51 to 53 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dowway-exh.com). Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. The completion and return of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The EGM will be held on Friday, 1 August 2025 at 10:00 a.m.. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 29 July 2025 to Friday, 1 August 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 28 July 2025.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 18 to 19 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the Subscription. The Independent Board Committee comprised all the independent non-executive Directors, namely Ms. Xu Shuang, Mr. Ma Lin, Mr. Tam Chak Chi and Ms. Yau Yin Tan, who are not interested in, directly or indirectly, the Subscription.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 20 to 44 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription, and the principal factors and reasons taken into consideration in arriving at its advice.

Your attention is also drawn to the Appendix to this circular. The Directors (including the members of the Independent Board Committee whose opinion have been set forth in the "Letter from the Independent Board Committee" of this circular after having been advised by the Independent Financial Adviser in this regard) consider that the terms of the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (excluding Mr. Li but including the members of the Independent Board Committee whose opinion have been set forth in the "Letter from the Independent Board Committee" of this circular after having been advised by the Independent Financial Adviser in this regard) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolution to be proposed at the EGM.

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| LETTER FROM THE BOARD |
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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.

Yours faithfully

By order of the Board

Dowway Holdings Limited

Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee, prepared for the purpose of inclusion in this circular from the Independent Board Committee to the Independent Shareholders regarding the Subscription.



Dowway Holdings Limited

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8403)

15 July 2025

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION — ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 15 July 2025 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Rainbow Capital (HK) Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transactions contemplated thereunder.

Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 20 to 44 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 17 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the information as set out in the letter from the Board, the terms of the Subscription Agreement and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its

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| LETTER FROM THE INDEPENDENT BOARD COMMITTEE |
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letter of advice, we are of the view that, notwithstanding that the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Company, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Subscription Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully

For and on behalf of the Independent Board Committee of

Dowway Holdings Limited

Ms. Xu Shuang

Independent non-executive Director

Mr. Ma Lin

Independent non-executive Director

Mr. Tam Chak Chi

Independent non-executive Director

Ms. Yau Yin Tan

Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



15 July 2025

To the Independent Board Committee and the Independent Shareholders

Dowway Holdings Limited

Room 529–533, 5/F,
Beverley Commercial Centre,
87–105 Chatham Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

Dear Sir or Madam,

CONNECTED TRANSACTION — ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription by Mr. Li, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 15 July 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 May 2025 (after trading hours), the Company entered into the Subscription Agreement with Mr. Li, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Li has conditionally agreed to subscribe for, 6,000,000 Subscription Shares on the terms of the Subscription Agreement. With reference to the Letter from the Board, the transactions contemplated under the Subscription Agreement constitutes a connected transaction of the Company under the GEM Listing Rules, which is subject to the announcement, reporting and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Xu Shuang, Mr. Ma Lin, Mr. Tam Chak Chi, and Ms. Yau Yin Tan, has been formed to advise the Independent Shareholders in respect of the Subscription by Mr. Li. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company, Mr. Li or any other parties that could reasonably be regarded as relevant to our independence. There was no engagement between the Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company or any other parties. Accordingly, we are qualified to give independent advice on the Subscription.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all the statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Subscription is fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Business and financial performance of the Group

The Company is an investment holding company and the Group principally engaged in design, planning, coordination and management of exhibitions, events and showrooms, media advertising events and e-commerce services in the PRC.

(i) *Financial performance*

Set out below is a summary of the consolidated statements of profit and loss for the year ended 31 December 2022 (“FY2022”), 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the annual reports of the Company for FY2023 (the “2023 Annual Report”) and FY2024 (the “2024 Annual Report”):

| | For the year ended 31 December | | |
|--|--------------------------------|------------------------|-----------------------|
| | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 |
| | (audited) | (audited) | (audited) |
| Revenue | 177,132 | 117,446 | 140,164 |
| Cost of sales | <u>(171,751)</u> | <u>(111,584)</u> | <u>(123,738)</u> |
| Gross profit | 5,381 | 5,862 | 16,426 |
| Other gains and losses, net | 311 | 192 | 5,805 |
| Selling expenses | (7,843) | (8,936) | (7,199) |
| Administrative expenses | (11,729) | (12,635) | (18,299) |
| Net impairment losses on financial and contract assets | (22,376) | (1,811) | (2,132) |
| Finance costs | <u>(702)</u> | <u>(577)</u> | <u>(1,183)</u> |
| Loss before taxation | (36,958) | (17,905) | (6,582) |
| Income tax credit | <u>504</u> | <u>987</u> | <u>259</u> |
| Loss for the year attributable to owners of the Company | <u><u>(36,454)</u></u> | <u><u>(16,918)</u></u> | <u><u>(5,746)</u></u> |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2023 as compared to FY2022

Revenue of the Group decreased from approximately RMB177.1 million for FY2022 to approximately RMB117.4 million for FY2023, which was mainly due to the decrease in revenue generated from advertisement-related services as companies adjusted their marketing strategies and budgets in response to the challenging economic environment. Notwithstanding the decrease in revenue, gross profit of the Group slightly increased from approximately RMB5.4 million for FY2022 to approximately RMB5.9 million for FY2023, and the gross profit margin also increased from approximately 3.04% for FY2022 to approximately 4.99% for FY2023. Such increase was mainly due to the decline of sales revenue from advertisement-related services for FY2023 had lower gross margin. For FY2023, the Group recorded significant decrease in impairment loss on financial and contract from approximately RMB22.4 million FY2022 to approximately RMB1.8 million. As a result of the foregoing, loss for the year attributable to owners of the Company significantly decreased from approximately RMB36.5 million for FY2022 to approximately RMB16.9 million for FY2023, representing a decrease of approximately RMB19.6 million.

FY2024 as compared to FY2023

Revenue of the Group increased from approximately RMB117.4 million for FY2023 to approximately RMB140.2 million for FY2024, which was mainly due to the growth in revenue generated from non-automobile related exhibitions and events and the new revenue stream from one-stop value chain service as the Group strategically transition its business model, which is designed to leverage on the Group's existing capabilities and expertise, allowing the Group to maximize resources and enhance profitability. In line with the increase in revenue, gross profit of the Group increased from approximately RMB5.9 million for FY2023 to approximately RMB16.4 million, and gross profit margin also increased from approximately 4.99% for FY2023 to approximately 11.72% for FY2024. The substantial growth in gross profit was primarily driven by the rise in sales revenue for the year and the shift to business with higher gross profit margin. On the other hand, administrative expenses of the Group increased significantly from approximately RMB12.6 million for FY2023 to approximately RMB18.3 million for FY2024, which was mainly due to the expansion of the new business. As a result of the foregoing, the loss for the year attributable to owners of the Company decreased from approximately RMB16.9 million for FY2023 to approximately RMB5.7 million for FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

Set out below is an extract of the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 as extracted from the 2023 Annual Report and the 2024 Annual Report, respectively:

| | As at 31 December | | |
|---|-------------------|----------------|----------------|
| | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 |
| | (audited) | (audited) | (audited) |
| Non-current assets | 7,876 | 3,578 | 1,606 |
| Plant and equipment | 832 | 747 | 263 |
| Right-of-use assets | 6,498 | 2,495 | 1,343 |
| Deposits | 546 | 336 | — |
| Current assets | 129,195 | 105,348 | 129,510 |
| Trade receivables | 49,157 | 37,460 | 49,868 |
| Contract assets | 63,931 | 37,069 | 53,365 |
| Deposits, prepayments and other receivables | 11,856 | 17,380 | 19,066 |
| Restricted bank balances | — | 1,000 | 1,000 |
| Cash and bank balances | 4,251 | 12,439 | 6,211 |
| Non-current liabilities | 6,098 | 1,956 | 2,336 |
| Interest-bearing borrowings | — | — | 2,000 |
| Lease liabilities | 4,474 | 1,332 | — |
| Deferred tax liabilities | 1,624 | 624 | 336 |
| Current liabilities | 110,480 | 103,395 | 125,091 |
| Trade and bills payables | 77,191 | 64,253 | 73,689 |
| Contract liabilities | 4,631 | 4,841 | 2,097 |
| Accruals and other payables | 12,826 | 11,336 | 17,583 |
| Interest-bearing borrowings | 10,000 | 17,976 | 26,563 |
| Lease liabilities | 2,031 | 1,191 | 1,332 |
| Tax payables | 3,801 | 3,798 | 3,827 |
| Net current assets | 18,715 | 1,953 | 4,419 |
| Net assets | 20,493 | 3,575 | 3,689 |
| Gearing ratio (note) | 48.8% | 502.8% | 774.3% |

Note: Calculated based on total interest-bearing borrowings divided by total equity of the Company as at the end of the year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Current assets of the Group decreased from approximately RMB129.2 million as at 31 December 2022 to approximately RMB105.3 million as at 31 December 2023, and rebounded to RMB129.5 million as at 31 December 2024, which was mainly due to the fluctuation in trade and other receivables and contract assets. On the other hand, the Group had relatively low level of cash and bank balances, which decreased from approximately RMB12.4 million as at 31 December 2023 to approximately RMB6.2 million as at 31 December 2024.

The Group's current liabilities increased from approximately RMB110.5 million as at 31 December 2022 to approximately RMB125.1 million as at 31 December 2024, which was mainly due to the increase in interest-bearing borrowings from RMB10.0 million as at 31 December 2022 to approximately RMB26.6 million as at 31 December 2024. As at 31 December 2024, the bank borrowings bear fixed interests ranging from 2.45% to 4.00% per annum, and the other borrowings bear fixed interests ranging from 8% to 12% per annum. As at 31 December 2024, there were approximately RMB1.0 million bank balance that was pledged for bills payables.

(iii) Overall comments

The financial performance of the Group has been gradually improving from FY2022 up to FY2024. However, the Group is yet to turnaround from its loss-making position. To develop the Group's business and to implement the change in the Group's business strategy, the Group relied on borrowings to fund its working capital. In this regard, it is noted that the Group only had cash and bank balances of approximately RMB6.2 million as at 31 December 2024, while the total amount of interest-bearing borrowings amounted to approximately RMB28.6 million, of which approximately RMB26.6 million were current. As a result, the gearing ratio of the Group increased significantly from 48.8% as at 31 December 2022 to 774.3% as at 31 December 2024. Although the Company has conducted a share subscription in March 2025 to raise gross proceeds of approximately HK\$9.0 million to replenish the cash level, we were advised that approximately HK\$5.5 million has already been utilised and the remaining are expected to be utilised by July 2025 as working capital. With reference to the 2024 Annual Report, the Group has implemented measures to address the working capital issue, including (i) continues to monitor the progress of the exhibition and event projects and ensure that they will be completed and the service fees will be received in the expected time frame; (ii) negotiating the repayment schedules with certain of its debtors and endeavoring to request them to repay the trade receivables in accordance with the repayment schedules; (iii) taking measures to tighten cost controls; (iv) seeking for extension and renewal of its bank and other borrowings upon maturity; (v) considering various alternatives to strengthen the capital base; and (vi) obtaining confirmation from the controlling shareholder of the Company that he is willing to provide financial support to the Group. Nevertheless, in view of the very low level of cash and high level of borrowings, we

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

consider that this financial position may limit the Group's operation scale and business growth, and the Company may not be able to timely capture expansion or diversification opportunities when they arise.

2. Information on the Subscriber

With reference to the Letter from the Board, Mr. Li is an executive Director and hence a connected person of the Company. As at the Latest Practicable Date, Mr. Li was interested in 11,000,000 Shares, representing approximately 7.43% of the total issued shares of the Company. Mr. Li has over 20 years of experience in the new metal material industry and has served in management positions at various private companies. For details on Mr. Li's background, please refer to the Company's annual report for the year ended 31 December 2024 dated 25 April 2025.

3. Principal terms of the Subscription Agreement

For details of the terms of the Subscription Agreement, please refer to the section headed "The Subscription Agreement" in the Letter from the Board. Set out below are the principal terms of the Subscription Agreement:

| | | |
|---------------------|---|---|
| Date | : | 27 May 2025 |
| Parties | : | (i) The Company, as issuer; and (ii) Mr. Li, as subscriber |
| Subscription Shares | : | 6,000,000 Subscription Shares |
| Subscription Price | : | HK\$1.14 per Subscription Share |

Assuming there will be no change in the share capital of the Company from the Latest Practicable Date and up to the date of Completion save for the allotment and issue of the Placing Shares and the Subscription Shares, the Subscription Shares represent: (i) approximately 4.41% of the existing issued share capital of the Company as at the date of the Subscription Agreement; (ii) approximately 4.05% of the issued share capital of the Company as at the Latest Practicable Date; and (iii) approximately 3.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

4. Reasons for and benefits of the Subscription

With reference to the Letter from the Board, as at 31 December 2024, the Company has cash balance of approximately RMB6.2 million, accruals and other payables of approximately RMB17.56 million and interest-bearing borrowings of approximately RMB26.56 million. Among the cash balance of approximately RMB6.2 million, approximately RMB5.5 million was kept in the Group's PRC subsidiaries and approximately RMB0.7 million was retained in Hong Kong and was available for the Company's use. Of the total borrowings of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately RMB26.56 million, approximately 62.23% are repayable in 2025, while approximately 37.67% will be repayable by April 2026. Based on the Company's projection, it is in need of approximately HK\$12 million general working capital in its ordinary course of business. The Company considered that it is not feasible to fully rely on the Company's limited cash balances, cashflow generated from its business activities, or other trade receivables to address the deficit in general working capital. This was because substantial funds had to be maintained and reinjected to cover direct business and operation costs in order to sustain the Group's level of business operations. The Company therefore resorted to external financings for other indirect general working capital needs of the Group, including but not limited to directors' and staff remuneration, professional fees and other administrative expenses. Despite the Company having conducted several subscriptions of new Shares under general mandate in the past 12 months, the unused subscription proceeds of HK\$3,450,000 is expected to be fully utilised by the end of July 2025. In addition, as disclosed in the Announcements, majority of the net proceeds from the Placing would be utilized for the repayment of the Promissory Note and the R&D costs. Both of these uses are crucial and essential for the continuing development of the Group's digital technology services. As a result, the portion of Placing proceeds available for the Company's general working capital is limited. Accordingly, there remain short to medium term working capital need and the Board has resolved to allocate the remaining part of the Placing net proceeds and the entirety of the Subscription proceeds for the general working capital of the Company. The Company further considered that the Placing proceeds will be fully utilized by October 2025 and will not be sufficient to meet the projected capital needs of the Company, the Subscription is therefore necessary.

As mentioned in "1. Business and financial performance of the Group" above, the Group only had cash and bank balances of approximately RMB6.2 million as at 31 December 2024, which is significantly lower than the amount of interest-bearing borrowings of approximately RMB28.6 million, of which RMB26.6 million were current and repayable in 2025. While the Company has conducted a share subscription in March 2025, the proceeds of approximately HK\$9.0 million is expected to be fully utilised as general working capital of the Group by July 2025. Although the Group is seeking for extension and renewal of its bank and other borrowings upon maturity, it cannot be guaranteed that the maturity of such bank and other borrowings could be extended. Given the financial performance of the Group which has been loss making for the last two financial years, the Group also has difficulties to generate sufficient capital through business operation. Upon our enquiry, we understand from the Company that the Group requires working capital of approximately HK\$1.3 million per month on average, which are mainly utilised for staff costs as to approximately HK\$0.7 million and Directors remuneration as to approximately HK\$0.3 million. While the Group had significant amount of trade receivables of approximately RMB49.9 million as at 31 December 2024, we were advised that the trade receivables generally have long collection period with trade receivable turnover days reached approximately 113.9 days for the year ended 31 December 2024. On the other hand, the Group had significant trade and bills payable of approximately RMB73.7 million as at 31 December 2024, which is greater than the sum of the trade receivables of approximately RMB49.9 million and the cash and bank balances of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately RMB6.2 million, which also posed a shortfall in operating cashflows. Hence, given the Company only has cash and bank balances of approximately HK\$15.0 million as at around the end of June 2025, which is only sufficient for less than 12 months of general working capital, we concur with the Directors that the Group has imminent needs to raise additional capital to improve its cash position and the Subscription is in the interests of the Company and the Shareholders as a whole.

Suitable source of financing among other fund-raising alternatives

As stated in the Letter from the Board, the Board has considered other fund-raising methods apart from the Subscription and the Placing. Nevertheless, the Board is of the view that the Subscription is the best available fundraising option after evaluating alternative fundraising methods. With regard to debt financing, the Group's high gearing ratio of approximately 774.27% as at 31 December 2024 has posed significant challenges in securing additional debt financing. Moreover, further increasing the Group's debt level would not be beneficial due to the associated increase in finance costs. With regard to other equity financing methods, given the low liquidity of the Shares, the Directors consider that it is not feasible to garner sufficient interests from existing Shareholders and potential investors for large scale equity fundraisings such as rights issue or open offer. Additionally, the costs associated with such fundraising activities, particularly underwriting commissions, are significantly higher compared to the Subscription. The historical low liquidity of the Shares suggests that the Company may encounter difficulty in identifying new investor(s) and that there is no assurance that the trading price will remain at the current level should the Company pass on the present Subscription opportunity, particularly the trading price of the Shares in May 2025 was at a three-year high. Hence, even with a substantial discount to the prevailing market price, the Subscription Price remains higher than the average closing price of the Shares from January to March 2025 and represents only a modest discount of approximately 5% to the average closing price of the Shares in April 2025. Given the uncertainty surrounding future fundraising efforts, the Company is of the view that it is in the interest of the Company to proceed with the Subscription Agreement simultaneously with the Placing Agreement, as the Subscription provides immediate certainty to satisfy the Company's funding need. In addition, since the Subscriber is a connected person of the Company, the subscription of new Shares by the Subscriber is subject to the independent Shareholders' approval, regardless of whether the new Shares are to be issued under the general mandate or specific mandate. Therefore, the Board considers it to be in the best interest of the Company and its Shareholders to conduct the Subscription under a specific mandate. This approach helps preserve the general mandate, providing additional flexibility for the Group's future financing needs. Furthermore, the theoretical dilution effect of 0.85% is minimal and does not significantly impact the interests of existing Shareholders. Having considered the above, the Board is of the view that the Subscription is in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of rights issue or open offer, we concur with the Directors that rights issue or open offer may not be desirable for the following reasons:

- (a) additional time would reasonably be required. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange last updated in September 2024, (1) if general meeting is not required, an open offer will take at least 32 business days and a rights issue will take at least 28 business days from the date of announcement of the relevant proposal to the first date of dealings of the offer shares and fully-paid rights shares; and (2) if general meeting is required, both an open offer and a rights issue will take at least 40 business days from the date of announcement of the relevant proposal to the first date of dealings of the offer shares or fully-paid rights shares;
- (b) additional cost would be required for rights issue and open offer, including but not limited to placing/underwriting commission (i.e. usually a percentage to the aggregated subscription price of the placing/underwritten shares) and other professional fees, including costs for engagement of reporting accountants, financial advisers and/or brokerage agent(s), as compared to the Subscription (e.g. additional cost for unaudited pro forma financial information on net tangible assets, indebtedness statement, comfort letter on working capital sufficiency of the Group to be prepared by reporting accountants or auditors of the Company); and
- (c) in view of the current market conditions where there were uncertainties on the future macroeconomic condition, there is uncertainty in the amount of funds which could be raised under a rights issue or an open offer as Shareholders and potential investors may be unwilling to invest under such market condition. In particular, in order to encourage Shareholders to participate in the rights issue or open offer, the Company will need to set the offer price or issue price at a deeper discount to the market price as compared to a share placement so as to provide incentives for the Shareholders to further invest in the Company. Nevertheless, some Shareholders may still elect not to participate in the rights issue or open offer given the current market condition. In this circumstance, the deep discount of the offer price or issue price will further deteriorate the value of the Shareholders’ holdings in the Company due to the lower theoretical ex-rights price.

In respect of debt financing, it would incur additional financial costs on the Group and may be subject to lengthy due diligence and negotiations with lenders. As mentioned in the section headed “1. Business and financial performance of the Group” above, the Group had substantial amount of interest-bearing borrowings of approximately RMB28.6 million as at 31 December 2024, and RMB26.6 million of which are current. The Group also does not have fixed assets of sufficient value that could be pledged as security.

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Hence, we concur with the Directors that it may not be practicable to secure further financing from banks without incurring relatively high financing cost, which would result in additional interest burden to the Group.

Having taken into consideration the above factors, we concur with the Directors that the Subscription is an appropriate fund-raising method given the circumstance of the Group and is in the interest of the Company and the Shareholders as a whole.

Use of proceeds of the Subscription

The estimated gross and net proceeds of the Subscription will be HK\$6.84 million and approximately HK\$6.60 million, respectively, if the Subscription materializes, the Company intends to use the net proceeds from the Subscription for provision of general working capital and strengthening the financial position of the Group. Details of the intended use of proceeds and expected timeline for utilization are set out below:

| Intended use of proceeds | Amount of proceeds allocated for intended use HK\$'000 | Expected timeline for utilisation |
|---|---|--|
| General working capital | | |
| — Approximately 47.27% for payment of staff salary and office rents and rates | 3,120 | 31 March 2026 |
| — Approximately 24.24% for payment of professional fees, including but not limited to legal fees, audit fees and share registrar fees | 1,600 | 31 March 2026 |
| — Approximately 20.91% for annual listing fee, annual ADR expense, Cayman Islands annual fee | 1,380 | 31 March 2026 |
| — Approximately 7.58% for other administrative expenses | 500 | 31 March 2026 |

Having considered (i) the reasons for and benefits of the Subscription as mentioned above; (ii) the Subscription is an appropriate fund raising method currently available to the Group; and (iii) the proposed use of proceeds is justifiable and in line with the reasons for the Subscription, we are of the view that although the Subscription is not conducted in the ordinary and usual course of business of the Group, the Subscription is in the interest of the Company and the Shareholders as a whole.

5. Assessment on the Subscription Price

The Subscription Price of HK\$1.14 per Subscription Share represents:

- (i) a discount of approximately 20.83% to the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 18.57% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement (the “**LTD Discount**”);
- (iii) a discount of approximately 19.61% to the average closing price of approximately HK\$1.418 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Subscription Agreement (the “**Five Days Discount**”);
- (iv) a discount of approximately 19.09% to the average closing price of approximately HK\$1.409 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Subscription Agreement (the “**10 Days Discount**”);
- (v) a discount of approximately 15.43% to the average closing price of approximately HK\$1.348 per Share as quoted on the Stock Exchange for the last thirty (30) trading days immediately prior to the date of the Subscription Agreement (the “**30 Days Discount**”);
- (vi) a discount of approximately 5.47% to the average closing price of approximately HK\$1.206 per Share as quoted on the Stock Exchange for the last sixty (60) trading days immediately prior to the date of the Subscription Agreement (the “**60 Days Discount**”);
- (vii) a premium of approximately 3,296.90% over the audited net asset value (the “**NAV**”) per Share attributable to Shareholders of approximately HK\$0.03356 per Share based on (a) the audited net assets attributable to Shareholders of approximately RMB4.3 million as at 31 December 2024; (b) 136,000,000 issued Shares as at the Latest Practicable Date; and (c) the exchange rate of RMB1: HK\$1.07; and

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(viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules, calculated on aggregated basis with reference to the Subscription Shares) of approximately 0.85%, represented by the theoretical diluted price of approximately HK\$1.406 per Share to the benchmarked price of approximately HK\$1.418 per Share (as defined under 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price as quoted on the Stock Exchange on the date of the Subscription Agreement of HK\$1.40 per Share and (ii) the average of the closing prices of approximately HK\$1.418 per Shares as quoted on the Stock Exchange for the five previous consecutive trading days immediately prior to the date of the Subscription Agreement).

As disclosed in the Letter from the Board, in view of the ongoing cashflow constraints of the Company, the Subscriber has expressed to the Board his willingness to support the Company by subscribing for new Shares. Simultaneously, the Company has been pursuing further fundraising opportunities and in or around mid-May 2025, the Company was able to identify the Placing Agent to carry out the Placing. As the Subscriber has previously expressed his interest in undertaking Shares subscription prior to the negotiation of the Placing taking place, and taking into account the proximity of his potential Shares subscription and the Placing, the Subscriber has indicated that the Subscription shall be on similar terms as the Placing. To avoid potential conflict of interests, the Subscriber has not taken part in the negotiation of the terms of the Placing between the Company and the Placing Agent and has abstained from voting in the relevant Board resolutions for approving both the Placing and the Subscription.

Hence, the Subscription Price was based on the Placing Price which in turn was determined on arm's length basis with reference to the current market conditions, prevailing market prices and liquidity of the Shares. Specifically, the Board and the Placing Agent had taken in to account the closing price of the Shares during January 2025 to May 2025 (immediately before the date of the Placing Agreement and the Subscription Agreement). The Placing Agent noted that the Share price surged from 22 April 2025 onwards, while the average closing price in January, February, March and April 2025 were HK\$0.79, HK\$0.81, HK\$1.07 and HK\$1.20, respectively. The average daily trading volume of the Shares from January to April 2025 was approximately 80,000. The Placing Agent was also aware of the Company's historical loss-making position in 2023 and 2024. Hence, despite the increase in trading price and volume of the Shares in May 2025, the Placing Agent, taking into account the low liquidity of the Shares and the sudden surge in the trading price, requested a discount to the benchmark price. The Board considered that the Placing Price (and hence the Subscription Price), representing a discount of approximately 19.61% to the average closing price of HK\$1.418 per Share for the last five trading days immediately prior to the date of the Placing Agreement, would likely attract investors while ensuring compliance with the GEM Listing Rules requirements for issuing new shares under the general mandate. After further

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consideration of the imminent funding needs of the Company, the business plan of the Group, and the fact that the size of the Placing and the Subscription was comparable to the aggregate size of all three Share subscriptions conducted over the past 12 months, the Company decided to proceed with both the Placing and Subscription to secure sufficient funds for the Group's general working capital. Further, since the Placing and Subscription were conducted simultaneously, the Directors consider that having an identical Placing Price and Subscription Price is fair and does not create preferential treatment to either the Placees or the Subscriber. Additionally, given that the Subscription under specific mandate would result in a minimal theoretical dilution effect of 0.85%, the Directors consider that the identical Placing Price and Subscription Price strikes a fair balance between the interest of the Placees, the Subscriber and existing Shareholders.

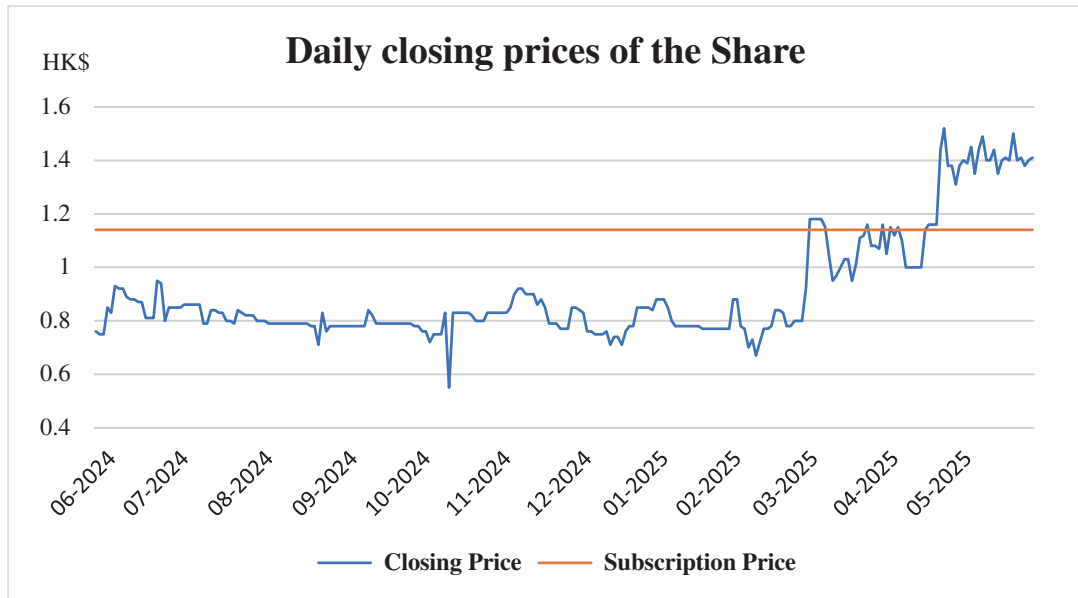
In assessing the fairness and reasonableness of the Subscription Price and the terms of the Subscription, the Directors considered and noted that (i) it is common to set subscription price at a discount to the prevailing market price, and with reference to the illustrative scenarios under the section headed "Subscription Price" in the Letter from the Board, the Subscription Price has been at a discount to the closing price of the Share on the date of the Subscription Agreement and to the average closing price per Share for the last five, ten, 30 and 60 trading days immediately prior to the date of the Subscription Agreement; (ii) the Shares have been generally trading at a discount to the Subscription Price for most of the time during the period from 28 May 2024 (being one year period prior to the date of the Subscription Agreement) and up to the date of the Subscription Agreement (the "**Review Period**"), until the increase in the price of the Shares from around 28 February 2025, which may not be persistent and hence setting a higher subscription price may not be able to attract investors; (iii) there has been generally low trading volume (and therefore, generally low liquidity) of the Shares; and (iv) the Subscription Price is the same as the Placing Price.

(i) Share price performance

We have performed a review on the daily closing prices of the Shares during the Review Period. As the Review Period covers a full one-year period that includes any seasonal fluctuation that have in a full year and is immediately prior to the date of the Subscription Agreement that could illustrate the recent market practice, whilst a review period longer than one year may be more likely to reflect market conditions that are already outdated. As balanced by the factors above, we consider the one-year Review Period is an adequate and reasonable period to reflect the prevailing market sentiment

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primarily and illustrate the general trend and level of movement of the daily closing prices of the Shares, which can reflect the correlation between the recent business performance of the Company and the latest market reaction in the Share price.



Source: the website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the average closing price of the Shares was approximately HK\$0.907 per Share (the “**Average Closing Price**”). The daily closing prices of the Shares ranged from HK\$0.55 per Share (the “**Lowest Closing Price**”) recorded on 10 October 2024 to HK\$1.52 per Share (the “**Highest Closing Price**”) recorded on 23 April 2025 during the Review Period.

The Subscription Price of HK\$1.14 per Subscription Share represents (a) a premium of approximately 107.27% over the Lowest Closing Price of HK\$0.55 per Share; (b) a discount of 25.00% to the Highest Closing Price of HK\$1.52 per Share; and (c) a premium of approximately 25.69% over the Average Closing Price of approximately HK\$0.907 per Share for the Review Period.

Since the beginning of the Review Period and up to late February in 2025, the daily closing price was relatively stable and fluctuated between HK\$0.55 per Share to HK\$0.92 per Share. The daily closing prices of the Shares were below the Subscription Price in 207 trading days out of 244 trading days (i.e. approximately 84.84% of total trading days) during the Review Period. During the period from 26 to 28 February 2025, there was a sudden surge in Share price from HK\$0.8 per Share on the previous trading day to HK\$1.18 per Share on 28 February 2025, and the price of the Shares has been trading in the range of HK\$0.95 per Share to HK\$1.18 per Share prior to another surge in closing price in April 2025. During the period from 11 to 23 April 2025, there was

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another surge in Share price from HK\$1.0 per Share on the previous trading day, and reached the Highest Closing Price of HK\$1.52 per Share on 23 April 2025. Subsequently, the Shares fluctuated between HK\$1.05 per Share to HK\$1.98 per Share up to the Latest Practicable Date. The Company was not aware of the reasons for the sudden surge in the price of the Shares during the period from 26 to 28 February 2025 and 11 to 23 April 2025, in particular that the financial performance of the Group has been unsatisfactory. In view of that there were no apparent reasons for the sudden surges in the price of the Shares, and considering that this increase is not supported by the Group's weak financial position and unsatisfactory financial performance, we consider that it may not be sustainable for the Shares to persistently trade at the relatively higher price range in the future. It is also possible that the price of the Shares may suddenly drop back to their previous lower levels. As such, we consider that it necessary to review the price of the Shares comprehensively during the Review Period. The Share price closed at HK\$1.44 at the Latest Practicable Date.

Given the Shares has been trading at a discount to the Subscription Price during approximately 84.84% of the Review Period as illustrated above, we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

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(ii) *Trading volume*

Apart from historical daily closing prices of the Shares, we have also reviewed the average daily trading volume of the Shares for each month during the Review Period, details of which are set out below:

| | Approximate average daily trading volume of the Shares (No. of Shares) | Number of trading days | Approximate percentage of average daily trading volume to total number of issued Shares (Note 1) | Approximate percentage of average daily trading volume to total number of issued Shares held by public Shareholders (Note 2) |
|--|---|---------------------------|--|--|
| 2024 | | | | |
| May (from and including 28 May) | 26,250 | 4 | 0.02% | 0.03% |
| June | 53,263 | 19 | 0.04% | 0.07% |
| July | 42,909 | 22 | 0.03% | 0.05% |
| August | 4,773 | 22 | 0.00% | 0.01% |
| September | 11,789 | 19 | 0.01% | 0.01% |
| October | 30,952 | 21 | 0.02% | 0.04% |
| November | 38,524 | 21 | 0.03% | 0.05% |
| December | 21,100 | 20 | 0.02% | 0.03% |
| 2025 | | | | |
| January | 22,211 | 19 | 0.02% | 0.03% |
| February | 73,650 | 20 | 0.05% | 0.09% |
| March | 49,048 | 21 | 0.04% | 0.06% |
| April | 190,254 | 19 | 0.14% | 0.24% |
| 1 May to the date of the Subscription Agreement | 138,389 | 18 | 0.10% | 0.17% |

Notes:

- Based on the total number of issued Shares of 136,000,000 Shares as at the Latest Practicable Date.
- Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by A&B Development Holding Limited, Wing Ka Yuen Company Limited and Li Huaguo from the number of total issued Shares, being 79,367,500 Shares as at the Latest Practicable Date.

Source: the website of the Stock Exchange (www.hkex.com.hk)

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As shown in the table above, during the Review Period and save for April and May 2025, the average daily trading volume of the Shares represented approximately 0.00% to 0.05% of the total number of issued Shares, and approximately 0.01% to 0.09% of the total number of issued Shares held by public Shareholders as at the end of the relevant months, indicating generally thin trading liquidity during the Review Period. The low liquidity of the Shares suggests that the Shareholders may face difficulties in disposing of the Shares in the market, as any trading activities could lead to significant price fluctuations. Furthermore, the low liquidity may indicate a lack of interest from potential investors at the prevailing Share price. As a result, it may be challenging for the Company to pursue other equity financing alternatives in the market without offering a substantial discount during fundraising exercises.

As confirmed by the Company, the Company was not aware of the reasons for the sudden increase in trading in the Shares in April and May 2025. Nevertheless, the trading volume of the Shares remained at low level, with the trading volume represented only approximately 0.24% and 0.17% of the total number of issued Shares held by public Shareholders at the end of April and May 2025, respectively. For illustrative purpose only, based on 6,000,000 Subscription Shares to be issued under the Subscription and the average daily trading volume of the Company for May 2025 (up to and including the Last Trading Day) of 138,389 Shares, it would take approximately 43.4 trading days to dispose of the Subscription Shares in the market, with no guarantee on the disposal price, and may require even more time to seek sufficient potential investors, if any, to generate the proceeds expected under the Subscription.

As such, given the low liquidity of the Shares as illustrated above, it is reasonable to set the Subscription Price at a discount to the prevailing market prices of the Shares as a discounted issue price will be more attractive to investor(s).

(iii) Recent subscription exercises

In order to further assess the fairness and reasonableness of the terms of the Subscription, we have further identified subscription of new shares by cash (excluding issuance of A shares as the issue price of A shares is subject to the regulations under Non-public Issuance of A Shares based on the bidding results and pursuant to the Specific Rules for Implementation of the Non-public Issuance of Shares by Listed Companies (as amended in 2020)* (《上市公司非公開發行股票實施細則》(2020年修正)) under specific mandate as announced by the companies listed on the Stock Exchange during the Review Period, and excluding issues for the purposes of (a) share award or for emolument; (b) acquisitions; (c) loan capitalization; (d) restructuring; and/or (e) general offer since the basis in determining the subscription/issue price in such transactions may subject to other factors and/or conditions which are not applicable to the Subscription. As

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the companies listed on the Main Board and GEM of the Stock Exchange were subject to similar Hong Kong stock market conditions and sentiment, and given the limited number of subscriptions conducted by companies listed on GEM during the aforementioned period, we did not exclude the companies listed on the Main Board of the Stock Exchange as part of our selection criteria. Based on the above, we consider the selection criteria to be fair and reasonable for compiling a set of fair and representative comparables.

Based on the aforesaid criteria, we have identified an exhaustive list of 20 transactions (the “**Comparables**”). We consider that the Comparables provide a general understanding of this type of transaction in the Hong Kong stock market under the current capital market environment. Therefore, we consider that the Review Period is adequate and appropriate and the Comparables are fair and representative for comparison purpose and to assess whether the Subscription Price is fair and reasonable as they (a) capture the recent market practice in relation to subscription of shares under the prevailing market conditions; and (b) provide a sufficient sample for comparison with the Subscription.

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The details of the Comparables are set out below:

| Company name (Stock code) | Date of announcement | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of the agreement (approximate %) | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of the agreement (approximate %) | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last 30 consecutive trading days prior to/up to and including the date of the agreement (approximate %) | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last 60 consecutive trading days prior to/up to and including the date of the agreement (approximate %) |
|---|-------------------------|---|--|---|---|
| China Health Group Limited (673) | 23 May 2025 | (28.6) | (37.2) | (41.9) | (51.3) |
| Universal Health International Group Holding Limited (2211) | 13 May 2025 | (1.2) | 2.8 | (2.2) | (23.6) |
| Kingsoft Cloud Holdings Limited (3896) | 17 April 2025 | (8.8) | (16.8) | (15.6) | (28.0) |
| Zo Future Group (2309) | 11 April 2025 | (19.8) | (18.1) | (21.6) | (19.0) |
| China Silver Technology Holdings Limited (515) | 7 March 2025 | 23.5 | 53.4 | 54.6 | 55.5 |
| Zall Smart Commerce Group Limited (2098) | 27 January 2025 | (10.3) | (9.7) | (10.3) | (13.9) |
| CM Energy Tech Co., Ltd. (206) | 30 December 2024 | 25.0 | 25.8 | 22.4 | 16.0 |
| True Partner Capital Holding Limited (8657) | 29 December 2024 | (13.0) | (13.0) | (11.9) | (0.1) |
| MOG Digitech Holdings Limited (1942) | 11 December 2024 | (15.4) | (15.1) | (15.2) | (19.3) |
| DevGreat Group Limited (755) | 3 December 2024 | (18.8) | (17.7) | (20.2) | (35.1) |
| China Resources Power Holdings Company Limited (836) | 23 October 2024 | 1.7 | (3.5) | (4.0) | (2.4) |
| Zhi Sheng Group Holdings Limited (8370) | 21 October 2024 | (60.5) | (60.6) | (58.8) | (60.1) |

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| Company name (Stock code) | Date of announcement | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of the agreement <i>(approximate %)</i> | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of the agreement <i>(approximate %)</i> | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last 30 consecutive trading days prior to/up to and including the date of the agreement <i>(approximate %)</i> | Premium/ (Discount) of the subscription price over/to the average closing price per share for the last 60 consecutive trading days prior to/up to and including the date of the agreement <i>(approximate %)</i> |
|--|-------------------------|--|---|--|--|
| | | | | | |
| Honbridge Holdings Limited (8137) | 17 October 2024 | (75.0) | (77.0) | (73.5) | (65.8) |
| Virtual Mind Holding Company Limited (1520) | 10 October 2024 | 13.6 | 38.9 | 47.1 | 60.5 |
| CircuTech International Holdings Limited (8051) <i>(Note)</i> | 4 October 2024 | (2.6) | 0.3 | 6.8 | 8.8 |
| | | 26.6 | 30.3 | 38.9 | 41.4 |
| China Hongguang Holdings Limited (8646) | 4 September 2024 | (42.8) | (34.3) | (22.9) | 2.7 |
| Well Link Securities Holdings Limited (8350) | 2 September 2024 | 65.6 | 67.6 | 63.4 | 51.8 |
| Winshine Science Company Limited (209) | 8 July 2024 | (9.1) | (9.1) | (9.9) | (19.5) |
| China Ruifeng Renewable Energy Holdings Limited (527) | 21 June 2024 | (21.3) | (21.4) | (29.0) | (29.0) |
| Wenye Group Holdings Limited (1802) | 7 June 2024 | (3.5) | (14.1) | (15.8) | (14.1) |
| | Maximum | 65.6 | 67.6 | 63.4 | 60.5 |
| | Minimum | (75.0) | (77.0) | (73.5) | (65.8) |
| | Average | (8.3) | (6.1) | (5.7) | (6.9) |
| | Median | (9.1) | (13.0) | (11.9) | (14.1) |
| The Company | | (18.6) | (19.6) | (19.1) | (15.4) |

Note: There were two subscription prices in the subscription carried out by CircuTech International Holdings Limited (8051).

Source: the website of the Stock Exchange (www.hkex.com.hk)

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As illustrated in the table above, the subscription prices of the Comparables:

- (a) ranged from a discount of approximately 75.0% to a premium of approximately 65.6%, with an average of a discount of approximately 8.3% and a median of a discount of approximately 9.1%, to/over their respective closing prices on/prior to the date of agreement;
- (b) ranged from a discount of approximately 77.0% to a premium of approximately 67.6%, with an average of a discount of approximately 6.1% and a median of a discount of approximately 13.0%, to/over their respective average closing prices for the last five (5) consecutive trading days prior to/up to and including the date of agreement;
- (c) ranged from a discount of approximately 73.5% to a premium of approximately 63.4%, with an average of a discount of approximately 5.7% and a median of a discount of approximately 11.9%, to/over their respective average closing prices for the last ten (10) consecutive trading days prior to/up to and including the date of agreement;
- (d) ranged from a discount of approximately 65.8% to a premium of approximately 60.5%, with an average of a discount of approximately 6.9% and a median of a discount of approximately 14.1%, to/over their respective average closing prices for the last 30 consecutive trading days prior to/up to and including the date of agreement; and
- (e) ranged from a discount of approximately 63.3% to a premium of approximately 75.3%, with an average of a discount of approximately 5.4% and a median of a discount of approximately 15.6%, to/over their respective average closing prices for the last 60 consecutive trading days prior to/up to and including the date of agreement.

Although the subscription price of the Comparables represented a wide range, we consider that it still represents the market practice of the subscription exercise and in particular the median of the Comparables would be able to demonstrate the most prevailing price of subscription exercise. As such, we consider that the Comparables are representative to provide meaningful assessment on the fairness and reasonableness of the Subscription Price.

When comparing the Subscription Price to the Comparables as shown in the table above, it is noted that the LTD Discount, the Five Days Discount, the 10 Days Discount and the 30 Days Discount of approximately 18.6%, 19.6%, 19.1% and 15.4% respectively were below the median and mean of those of the Comparables. However, we consider that such greater discounts were primarily due to the surge in Share price in around late April 2025. When the Share prices were reviewed in a longer timeframe, it is noted that

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the 30 Days Discount was generally in line with the median of the Comparables and the 60 Days Discount was generally in line with the mean and has less discount than the median of the Comparables.

As the principal factors considered by Independent Shareholders in assessing the fairness and reasonableness of a share subscription includes the prospect and conditions of the Company, price trend of the Shares, trading liquidity and market practice on similar subscription transactions, we consider that we have carried out sufficient and representative work done by assessing the historical Share price performance, trading liquidity and Comparable analysis for the Review Period to conclude on our assessment on the fairness and reasonableness of the Subscription Price.

Taking into account and based on our analysis that (a) it is common to set the Subscription Price at a discount to the prevailing market prices; (b) the LTD Discount, the Five Days Discount, the 10 Days Discount and the 30 Days Discount were distorted by the surge in the price of the Shares in around late April 2025 while the 60 Days Discount were generally in line with the Comparables; (c) the Shares had generally closed below the Subscription Price during the Review Period and the Company was not aware of the reasons for the recent surge in the price of the Shares given the unsatisfactory financial performance of the Group; (d) given the low liquidity of the Shares as illustrated above, it is reasonable to set the Subscription Price at a discount to the prevailing market prices of the Share; (e) the financing needs of the Company; and (f) the Subscription Price was the same as the Placing Price, we consider the Subscription Price to be fair and reasonable.

6. Dilution effect of the Subscription on shareholding interest

With reference to the shareholding table in the section headed “Effect on shareholding structure of the Company” of the Letter from the Board, the shareholding interests held by the existing public Shareholders would be diluted by 2.4 percentage points as a result of the Subscription (assuming there being no other changes to the issued share capital of the Company between the Latest Practicable Date and the Closing Date save for the allotment and issue of the Subscription Shares). We are aware of the Subscription will incur a dilution effect on the shareholding of the existing Shareholders. In this regard, taking into account (i) the reasons for and benefits of the Subscription, in particular that the Group has imminent needs to raise additional capital to replenish its working capital; (ii) the shareholdings of both existing connected and public Shareholders would be diluted by the Subscription; (iii) the Subscription has relatively low theoretical dilution effect of only approximately 0.85%; and (iv) the terms of the Subscription being fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the said level of dilution to the shareholding interests of the existing public Shareholders as a result of the Subscription is not prejudicial to their interests and thus is acceptable.

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7. Potential financial impacts of the Subscription

According to the Letter from the Board, the net proceeds from the Subscription will be approximately HK\$6.60 million and the Company intends to apply the proceeds for provision of general working capital of the Group. As such, it is expected that the Subscription will lead to an increase in the Company's cash and cash equivalent while its equity base will also be enlarged.

Gearing ratio

The gearing ratio of the Group as at 31 December 2024 was approximately 774.3%, calculated based on total interest-bearing borrowings divided by total equity of the Company. Upon completion of the Subscription, total assets and net assets of the Group will increase. Accordingly, the gearing level of the Group is expected to decrease.

Working capital

The cash and cash equivalents of the Group amounted to only approximately RMB6.2 million as at 31 December 2024. Save for the relevant expenses arising from the Subscription, the cash level of the Group will improve by the proceeds from the Subscription, which will help replenish the general working capital of the Group.

Net asset value per Share

As at 31 December 2024, the net assets attributable to the Shareholders was approximately RMB3.7 million. Upon completion of the Subscription, total assets and net assets of the Group will increase. Since the Subscription Price of HK\$1.14 per Subscription Share is higher than the NAV attributable to Shareholders per Share of approximately HK\$0.03356, the NAV attributable to Shareholders per Share will increase upon completion of the Subscription.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company following completion of the Subscription.

OPINION AND RECOMMENDATION

Having taken into consideration the above principal factors and reasons as stated above, in particular:

- (i) the Group has an imminent need to raise additional fund to improve its cash position and replenish its working capital, so as to cater for any slowdown in payment collection from time to time;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the Subscription is the most preferable financing option which would provide the Group with the necessary amount of fund with certainty and is more cost effective as compared to other financing alternatives;
- (iii) the Subscription Price falls within the price range of the highest and lowest closing prices of the Shares during the Review Period and the daily closing prices of the Shares were below the Subscription Price in 207 trading days out of 244 trading days (i.e. approximately 84.86% of total trading days) during the Review Period;
- (iv) the 60 Days Discount is generally in line with the Comparables;
- (v) the level of dilution to the shareholding interests of the existing public Shareholders as a result of the Subscription being acceptable;
- (vi) the Subscription Price was the same as the Placing Price,

We are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the entering into of the Subscription Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions held by the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which are required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in the Shares and underlying Shares

| Name of Director | Capacity/nature of interest | Number of shares | Approximately percentage of interest |
|----------------------------------|------------------------------------|------------------|--------------------------------------|
| Huang Xiaodi ^(note 1) | Interest in controlled corporation | 33,645,000 | 22.73% |
| Dong Kejia ^(note 2) | Interest in controlled corporation | 11,987,500 | 8.10% |
| Li Huaguo | Beneficial owner | 11,000,000 | 7.43% |

Notes:

- (1) The entire issued share capital of A&B is beneficially owned by Mr. Huang Xiaodi. Mr. Huang is deemed, or taken to be, interested in all shares held by A&B under Part XV of the SFO.
- (2) The entire issued share capital of Wing Ka Yuen is beneficially owned by Mr. Dong Kejia. Mr. Dong is deemed, or taken to be, interested in all Shares held by Wing Ka Yuen under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(B) Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Company, the persons or entities (other than the Directors or chief executives of the Company) who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Long Positions in the Shares and underlying Shares

| Name of Shareholder | Capacity/nature of interest | Number of shares | Approximately percentage of interest |
|-------------------------------------|-----------------------------|------------------|--------------------------------------|
| A&B <i>(note 1)</i> | Beneficial owner | 33,645,000 | 22.73% |
| CT Vision Strategic Company Limited | Beneficial owner | 12,212,000 | 8.25% |
| Wing Ka Yuen <i>(note 2)</i> | Beneficial owner | 11,987,500 | 8.10% |

Notes:

- (1) The entire issued share capital of A&B is beneficially owned by Mr. Huang Xiaodi. Mr. Huang is deemed, or taken to be, interested in all shares held by A&B under Part XV of the SFO.
- (2) The entire issued share capital of Wing Ka Yuen is beneficially owned by Mr. Dong Kejia. Mr. Dong is deemed, or taken to be, interested in all Shares held by Wing Ka Yuen under Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed above, the Directors and the chief executive of the Company were not aware of any other persons or entities (other than the Directors or chief executives of the Company) who had interests or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

3. MATERIAL ADVERSE CHANGE

The Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. DIRECTORS' INTERESTS

(a) Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- (a) the subscription agreement dated 24 June 2024 and entered into between the Company as issuer and Mr. Li Wenjie as subscriber in respect of the subscription of 4,000,000 new Shares at the subscription price of HK\$1.0 per Share;
- (b) the subscription agreement dated 21 October 2024 and entered into between the Company as issuer and Mr. Hui Guojin as subscriber in respect of the subscription of 3,000,000 new Shares at the subscription price of HK\$1.0 per Share;
- (c) the subscription agreement dated 19 March 2025 and entered into between the Company as issuer and CT Vision Strategic Company Limited as subscriber in respect of the subscription of 6,000,000 new Shares at the subscription price of HK\$1.0 per Share;
- (d) the subscription agreement dated 19 March 2025 and entered into between the Company as issuer and Ms. Hu Zhixi as subscriber in respect of the subscription of 1,000,000 new Shares at the subscription price of HK\$1.0 per Share;
- (e) the subscription agreement dated 19 March 2025 and entered into between the Company as issuer and Mr. Xu Linxin as subscriber in respect of the subscription of 2,000,000 new Shares at the subscription price of HK\$1.0 per Share;
- (f) the Placing Agreement;
- (g) the Placing Supplemental Letter;
- (h) the Subscription Agreement; and
- (i) the Subscription Extension Letter.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claims of material importance was known to the Directors to be pending or threatened by or against any members of the Group.

8. QUALIFICATIONS AND CONSENT OF EXPERTS

The followings are the qualifications of the experts which have given their opinions or advice which are contained in this circular:

| Name | Qualification |
|------------------------------|--|
| Rainbow Capital (HK) Limited | a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. |

As at the Latest Practicable Date, the Independent Financial Adviser had given and confirmed that it had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, valuation certificate, advice, opinion and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser was not interested in any Shares or shares in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any asset which had been, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dowway-exh.com) from the date of this circular up to and including the date of the EGM, being a period of not less than 14 days from the date of this circular:

- (a) the Subscription Agreement;
- (b) the Subscription Extension Letter;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 18 to 19 of this circular;
- (d) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 20 to 44 of this circular;
- (e) the written consent of the expert referred to in the paragraph headed “8. Qualification and Consent of Expert” in this appendix; and

- (f) this circular.

10. GENERAL

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108 Cayman Islands;
- (b) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
- (c) The company secretary of the Company is Mr. Leung Gavin, L and he is a member of the Hong Kong Institute of Certified Public Accountants; and
- (d) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Dowway Holdings Limited

天平道合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8403)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Dowway Holdings Limited (the “**Company**”) will be held at Conference Room, 5th Floor, Room 501, Run Cheng Centre, No. 12 Dongdaqiao Road, Chaoyang District, Beijing 100020, PRC on Friday, 1 August 2025 at 10:00 a.m. or at any adjournment thereof for the following purposes:

ORDINARY RESOLUTION

- (a) the conditional subscription agreement dated 27 May 2025 (as amended and supplemented by the extension letter dated 10 July 2025) (the “**Subscription Agreement**”) and entered into between the Company as issuer and Mr. Li Huaguo as subscriber (the “**Subscriber**”) in relation to the subscription of 6,000,000 new shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$1.14 per shares (copy of the subscription agreement having been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification), and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Subscription Shares be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Director(s)**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Subscription Shares on and subject to the terms and conditions of the Subscription Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one or more Director(s) and/or the company secretary of the Company be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the Subscription Agreement and the transactions contemplated thereunder.

By order of the Board
Dowway Holdings Limited
Huang Xiaodi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 15 July 2025

Registered office:

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:

Room 529-533, 5/F.
Beverley Commercial Centre
87-105 Chatham Road
Tsim Sha Tsui
Kowloon, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the EGM or any adjourned meeting thereof or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. The register of members of the Company will be closed from Tuesday, 29 July 2025 to Friday, 1 August 2025 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 28 July 2025 for registration.
7. Pursuant to Rule 17.47(4) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, all votes of shareholders of the Company at the EGM will be taken by poll and the results of the poll will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dowway-exh.com>).
8. The translation into Chinese language of the notice convening the meeting is for reference only. In case of any inconsistency or discrepancy, the English version shall prevail.