

**STRICTLY PRIVATE AND CONFIDENTIAL**

Date: 3 March 2023

Diwang Industrial Holdings Limited  
Suites 4404-10, 44/F  
One Island East  
18 Westlands Road  
Taikoo Place  
Hong Kong  
Attn.: The Board of Directors

Dear Sirs,

**Diwang Industrial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”)  
Placing (the “Placing”) of new shares of US\$0.0025 each (the “Shares”) in the Company untaken in the Rights Issue**

We refer to the draft announcement in relation to the proposed rights issue of the Company (the “**Rights Issue**”), a draft of which is attached hereto for reference. Capitalised terms used herein and not defined shall have the same meanings as those defined in the abovementioned announcement unless the context otherwise requires.

**PART 1 – THE PLACING**

The Company has proposed, by way of a rights issue, to offer the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders registered as such on the Record Date.

The Company intends to appoint us, CNI Securities Group Limited (the “**Placing Agent**”), to place the Untaken Share(s) as well as the NQS Unsold Shares (collectively the “**Placing Shares**”) during the Placing Period. For the avoidance of doubt, if all the Rights Shares are already fully taken up in the Rights Issue through valid applications by PAL(s), the Placing will not proceed.

On the terms and subject to the conditions set out in this agreement (the “**Placing Agreement**”), we agree, on a best effort basis, to place, or procure the placing of, the Placing Shares, with institutional, corporate or individual investor(s) (the “**Placee(s)**”), who and whose ultimate beneficial owner(s) shall be Independent Third Parties as we may select at the placing price (the “**Placing Price**”) of not less than the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Untaken Shares and NQS Unsold Shares during the process of our placement (together with the Stock Exchange trading fee, Securities and Futures Commission (the “**SFC**”) transaction levy and the CCASS stock settlement fee and brokerage as may be payable by the Placees) in the capacity as the Company’s agent.

We understand that the Company will convene the EGM as soon as practicable after the date hereof for the purpose of approving the Share Consolidation, the Increase in

Authorised Share Capital and the Rights Issue. Accordingly, the Placing Shares will be allotted and issued subject to the Rights Issue being approved at the EGM and the Share Consolidation and the Increase in Authorised Share Capital having become effective.

The Company represents, warrants and undertakes to the Placing Agent that:

- (a) the Placing Shares will, when fully paid, be allotted and issued in accordance with the Amended and Restated Articles of Association and with the relevant rules and regulations applicable to the Company in Hong Kong and will, at Completion (as hereinafter defined), be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at Completion (as hereinafter defined) and thereafter; and
- (b) the Placing Shares will rank *pari passu* in all respects with the Consolidated Shares in issue and the Rights Shares as at the date of allotment and issue of the Placing Shares.

The Placing Agent represents, warrants and undertakes to the Company that:

- (a) the Placing Agent will not, directly or indirectly, offer, sell or deliver any Placing Shares or distribute or publish any documents in relation to the Placing (including without limitation to the foregoing, any prospectus, form of application, offering circular, advertisement or other offering material) in any country or jurisdiction except under circumstances that will not result in the breach of any applicable laws and regulations;
- (b) the Placing Agent has not offered for subscription or sold and will not offer for subscription or sell in Hong Kong, by means of any document, any Placing Shares except in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or in contravention of any securities laws in Hong Kong;
- (c) the Placing Agent undertakes to place the Placing Shares (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties, at the Placing Price of not less than the Subscription Price; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable to comply with the public float requirements under the Listing Rules immediately following the Placing;
- (d) no action has been or will be taken directly or indirectly in any jurisdiction that would result in a public offering of the Placing Shares and neither it nor persons acting on its behalf will offer or sell any Placing Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which

any such offer or sale takes place, and without prejudice to the generality of the foregoing, as the Placing Shares have not been and will not be registered under the Securities Act of the United States (the “**Securities Act**”), they may not be offered, sold, transferred and delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and accordingly the Placing Shares have not been and will not be offered or sold to a buyer in the United States, except to those persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act). Neither it nor any person acting on its behalf has engaged or will engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) or any form general solicitation or general advertising (each as used in Rule 5.02(c) of Regulation D under the Securities Act) with respect to the Placing Shares; and

- (e) by not later than 4:00 p.m. on the second business day immediately prior to Completion (as hereinafter defined), the Placing Agent shall deliver to the Company or its professional advisers a list of the Placees procured by it, the number of the Placing Shares to be subscribed by each Placee (together with the duly completed placing letters and confirmations as to their independence, as required by the Stock Exchange, to the Company and the Stock Exchange as soon as practicable and as and when known), the names and denomination (in board lots or otherwise) in which the Placing Shares are to be registered and, where relevant, the particulars of the account with the CCASS to which Placing Shares are to be credited.

For the avoidance of doubt, notwithstanding that if there remains any Placing Shares not being placed by the Placing Agent by 6:00 p.m. on the Placing End Date (as hereinafter defined), if all of the conditions precedent in paragraph D(i) have been satisfied on or before 4:10 p.m. on the Placing Long Stop Date (as hereinafter defined), paragraph D(ii) shall apply accordingly.

#### **A. Placing Agent for the Placing**

In accepting the appointment as the Placing Agent, we agree that our major responsibilities are as follows:-

- (i) to place on a best effort basis all the Placing Shares (a) to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties, at the Placing Price of not less than the Subscription Price; (b) such that no Placee shall become a substantial Shareholder immediately following the Placing; (c) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (d) such that the Placing will not result in the Company incapable to comply with the public float requirements under the Listing Rules immediately following the Placing; and
- (ii) to assist the Company in coordinating and liaising with such investor(s) in relation to the Placing.

## **B. Proposed Placing timetable**

The proposed period for the Placing shall commence on Thursday, 15 June 2023 or such other date as the Company may announce, and end at 6:00 p.m. on Friday, 23 June 2023 (the “**Placing End Date**”) or such other date as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.

## **C. Proposed remuneration in relation to the Placing**

With respect to the services outlined above, we would propose the following fee structure:

### **(i) The Placing**

Upon Completion, a placing commission of 0.5% of the aggregate amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent is payable to the Placing Agent. For this purpose, the Placing Agent may deduct the full amount of such placing commission and all costs and expenses reasonably incurred (as set out under the paragraph “**Expenses**” below) from the amount of any placing moneys paid by such investor(s).

### **(ii) Expenses**

Upon Completion, the Placing Agent will deduct all costs and expenses reasonably incurred in connection with or arising out of the Placing, including without limitation, travelling, printing, postage and telecommunications costs from the proceeds of the Placing. In addition, all fees and expenses of other professional advisers involved in the Placing will be for the Company’s account.

## **D. Conditions of the Placing**

### **(i) Completion of the Placing is conditional upon:-**

- (a)** the Listing Committee having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (b)** approval of the Rights Issue by Independent Shareholders at the EGM;
- (c)** all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of this Placing Agreement and the transactions contemplated thereunder having been obtained;
- (d)** none of the representations, warranties or undertakings contained in this Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings,

representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of this Placing Agreement; and

- (e) this Placing Agreement not having been terminated in accordance with the provisions herein contained on or before 4:10 p.m. on Monday, 26 June 2023 or such other date as the Company may announce (the “**Placing Long Stop Date**”).

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any part of the conditions (other than those set out in paragraphs (a) to (c) above) by notice in writing to the Company. In the event that the above conditions precedents have not been fulfilled on or before 4:10 p.m. on the Placing Long Stop Date, this Placing Agreement will lapse and become null and void and all rights, obligations and liabilities of the parties to this Placing Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of this Placing Agreement.

- (ii) If all of the conditions in paragraph D(i) above have been satisfied on or before the Placing Long Stop Date, completion of the Placing regardless of the number of Placing Shares placed / subscribed shall take place on Wednesday, 5 July 2023 or such later date as may be announced by the Company (the “**Completion**”).
- (iii) The Company shall use its reasonable endeavours to procure the fulfilment of the conditions in paragraph D(i) above (to the extent it is within its power to do so).
- (iv) The Placing Agent shall, in accordance with terms and conditions of this Placing Agreement, use its best endeavours to procure, and shall give all necessary assistance to the Company, in, the satisfaction of the above conditions on the respective dates stipulated in paragraph D(i) above.
- (v) If the Placing does not become unconditional, the Company shall arrange for the repayment to all investor(s) of all application moneys paid by them without interest.
- (vi) Upon Completion, the Placing Agent shall deliver to the Company the net proceeds from the Placing by way of a cheque or telegraphic transfer after deduction of the Stock Exchange trading fee, SFC transaction levy and CCASS stock settlement fee and brokerage (if any) and any other fees payable by the Company in respect of the Placing Shares placed by the Placing Agent as well as any outstanding fees and expenses payable by the Company as set out in paragraph C above from the proceeds of the Placing, and the Company shall deliver share certificates of the Placing Shares to the Placing Agent or arrange the Placing Shares to be issued in the name of HKSCC Nominees Limited and deposited into CCASS for the credit of the placees’ designated investor participants’ or CCASS participants’ stock accounts (as the case may be) in accordance with the instruction of and information provided by the Placing Agent.

## **E. Termination of the Placing**

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) Completion; and (b) termination of the Placing by the mutual written confirmation of the parties hereunder.
- (ii) Upon the termination of this Placing Agreement pursuant to the paragraph above, all obligations of the Placing Agent and the Company hereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with this Placing Agreement, save for any antecedent breaches and accrued liabilities.

## **PART 2 - GENERAL**

### **A. Confidentiality**

The Placing Agent confirms that all information and documents received from the Company in connection with this engagement will be regarded as strictly confidential to the Company and will be treated accordingly by the Placing Agent.

### **B. Representations, Warranties and Indemnities**

- (i) In agreeing to the terms of this Placing Agreement, the Company hereby agrees the following:
  - (a) The Company shall be responsible for all other professional fees, printer's charges and all disbursements and out of pocket costs incurred by the Placing Agent in relation to the Placing which will include, but not limited to, the photocopying charges, telephone/facsimile charges, postage and delivery expenses provided that the appointment of such professional(s) has/have been previously approved by the Company in writing.
  - (b) The Company shall provide the Placing Agent with all such information relating to the Company, any companies controlled by the Company and the Group as the Placing Agent would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group or otherwise and all material facts and information which might reasonably be expected to be relevant in enabling the Placing Agent to fulfil its responsibilities in carrying out the terms of its engagements.
  - (c) The Company shall inform the Placing Agent in the event of any material change in the information in respect of (b) above or in the reasonable opinion of the Company relevant to the Placing.
  - (d) The Company shall accept full responsibility for the accuracy of all information and facts given by the Company to the Placing Agent in relation to the Placing and warrant that no other material information or

material facts have been or will be withheld, the omission of which will make the information or facts given to the Placing Agent incorrect or misleading in any material respect, and to notify the Placing Agent should such omission or inaccuracy first come to the attention of the Company.

- (e) The Placing Agent may, from time to time, disclose information regarding you and each of the companies controlled by you, its directors, shareholders, representatives and officers which may be confidential to the regulatory authorities upon their enquiries, including but not limited to the Stock Exchange and the SFC. Should such disclosure be required to be made, the Placing Agent agrees to obtain the consent from the Company or the Company's representatives prior to such disclosure.

**C. Applicable Law and Jurisdiction and Miscellaneous**

- (i) This Placing Agreement shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Hong Kong.
- (ii) The Placing Agent hereby warrants and represents to the Company that it is a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and it and its ultimate beneficial owner(s) are Independent Third Parties and are not Shareholders.
- (iii) No third party shall have any right under this Placing Agreement by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).

If the Company wishes to accept this Placing Agreement subject to the terms and conditions set out above, please duly complete and sign the attached confirmation of acceptance and return duplicate of this Placing Agreement to the Placing Agent by hand to the Placing Agent.

Yours faithfully,  
For and on behalf of  
CNI Securities Group Limited



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Authorised Signature

Encl.

To : CNI Securities Group Limited

**Confirmation of Acceptance**

We confirm our acceptance of the terms and conditions of the agreement as set out in your letter dated 3-3-2023 of which this confirmation forms part.

For and on behalf of  
Diwang Industrial Holdings Limited

*For and on behalf of*  
Diwang Industrial Holdings Limited  
帝王實業控股有限公司

  
.....  
Authorized Signature(s)

Name: Tse Chun Chung  
Date: 3-3-2023