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## **Dowway Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8403)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Sole Placing Agent**



On 24 March 2022, the Sole Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company appointed the Sole Placing Agent as its agent to procure Placees who are Independent Third Parties to subscribe up to 20,000,000 Placing Shares at the Placing Price of HK\$0.55 per Placing Share on a best endeavor basis on the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 100,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be USD40,000.

The Placing Price represents (i) a discount of approximately 14.06% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on 24 March 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 19.83% to the average closing price of approximately HK\$0.686 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$11 million and HK\$10,584,000 respectively, in which (i) approximately 50% of the net proceeds in the amount of approximately HK\$5,292,000 will be used to enhance the advertisement related services segment; (ii) approximately 30% of the net proceeds in the amount of approximately HK\$3,175,200 will be used to enhance exhibition showroom related services segment; and (iii) approximately 20% of the net proceeds in the amount of approximately HK\$2,116,800 will be used as the general working capital of the Group.

**The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

### **Date**

24 March 2022

### **Issuer**

The Company

### **Sole Placing Agent**

CHINA TONGHAI SECURITIES LIMITED

The Company appointed the Sole Placing Agent as its agent to procure Placees who are Independent Third Parties to subscribe up to 20,000,000 Placing Shares at the Placing Price of HK\$0.55 per Placing Share on a best endeavor basis on the terms and subject to the conditions set out in the Placing Agreement.

The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Sole Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sole Placing Agent and its associate(s) are Independent Third Parties. As at the date of this announcement, the Sole Placing Agent and its associates were not interested in any Share.

### **Placees**

The Placing Shares shall be offered by the Sole Placing Agent to not less than six Placees in board lots to subscribe for an aggregate of 20,000,000 Placing Share at the Placing Price, which and whose ultimate beneficial owners, if any, shall be third parties independent of and not connected with any of the connected persons of the Company or any of their respective associates and are not acting in concert (has the meaning ascribed to it under Takeovers Code) with the Company or any of its Directors, chief executives or substantial Shareholders or any of their respective associates or any other Placees).

To the best of the knowledge, information and belief of the Sole Placing Agent (after due and careful enquiries), the Placees and their respective ultimate beneficial owner(s) shall be Independent Third Parties. None of the Placees will become a substantial shareholder (as defined under the GEM Listing Rules) of the Company after the completion of the Placing.

### **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20% of the existing issued share capital of the Company of 100,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be USD40,000.

### **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price represents (i) a discount of approximately 14.06% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on 24 March 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 19.83% to the average closing price of approximately HK\$0.686 per Share as quoted on the Stock Exchange for the last five trading days prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are successfully placed, the net price payable to the Company of each Placing Share will be approximately HK\$0.53.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Sole Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

### **Placing commission**

The Sole Placing Agent will receive a placing commission of 3% of the amount equal to the Placing Price multiplied by the number of the Placing Shares which the Sole Placing Agent has procured the Placees to subscribe for the Placing Shares. The placing commission was determined after arm's length negotiations between the Company and the Sole Placing Agent.

### **General Mandate to allot and issue the Placing Shares**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 20,000,000 Shares under the General Mandate. Up to the date of this announcement, no new Share have been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Assuming that all the Placing Shares are fully placed upon the completion of the Placing, all Shares of the General Mandate will be utilised by the Company.

### **Application for listing of Placing Shares**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

### **Conditions of the Placing Agreement**

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject only to allotment) the listing of, and permission to deal in, all of the Placing Shares (and such listing and permission not subsequently being revoked); and
- (ii) all necessary consents and approvals to be obtained on the part of the Sole Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

Each of the Company and the Sole Placing Agent shall use their respective best endeavours to procure the satisfaction of the conditions set out above by the Long Stop Date, but if the condition shall not be so satisfied, all rights, obligations and liabilities of the Sole Placing Agent and of the Company in the Placing Agreement shall cease and terminate and the Sole Placing Agent shall be released from all obligation and none of the parties hereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Placing Agreement).

### **Completion of the Placing**

Completion of the Placing, in any event, will take place within five (5) Business Days after the fulfilment and/or waiver (in respect of condition (ii) above) of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Sole Placing Agent in writing (the “**Completion Date**”).

Completion shall take place at the principal place of business of the Company in Hong Kong at 4:00 p.m. on the Completion Date (or such later date, time and place as the parties hereto may agree in writing).

### **Termination**

Notwithstanding anything contained in the Placing Agreement, the Sole Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement (without liability) by notice in writing to the Company at any time prior to 12:00 noon on the Completion Date upon the occurrence of the following events:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Sole Placing Agent would be materially adverse in the consummation of the Placing (except all the existing, planned or informed arrangements in related to COVID-19 in Hong Kong); or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Sole Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any new law and regulation or change in existing laws and regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the reasonable opinion any such new law or change may adversely affect the business or financial position of the Group (except all the existing, planned or informed arrangements in related to COVID-19 in Hong Kong or in the PRC); or

- (d) any litigation or claim being instigated against the Group, which has or may have an adverse material effect on the business or financial position of the Group and which in the Sole Placing Agent's reasonable opinion would adversely affect the success of the Placing.

The Company may, in its reasonable opinion, after consultation with the Sole Placing Agent, terminate the Placing Agreement by notice in writing to the Sole Placing Agent at any time up to 12:00 noon on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Sole Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the terms therein, all liabilities of the parties hereto hereunder shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

**The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in design, planning, coordination and management services for exhibitions and events across more than 50 cities in the PRC.

The maximum gross proceeds from the Placing will be approximately HK\$11 million, assuming that all the Placing Shares are fully placed upon the completion of the Placing. The maximum net proceeds from the Placing (after deducting the commission payable to the Sole Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will amount to approximately HK\$10,584,000 in which (i) approximately 50% of the net proceeds in the amount of approximately HK\$5,292,000 will be used to enhance the advertisement related services segment; (ii) approximately 30% of the net proceeds in the amount of approximately HK\$3,175,200 will be used to enhance exhibition showroom related services segment; and (iii) approximately 20% of the net proceeds in the amount of approximately HK\$2,116,800 will be used as the general working capital of the Group.

After considering (i) the pandemic of COVID-19 will be gradually brought under control in 2022 and business and consumer activities are also expected to return to normal on a regional and international basis; (ii) the foreseeable high inflation rate which will increase the costs of service of the Company in the coming years; and (iii) the decrease of cash position of the Group for the year ended 31 December 2021 comparing with the year ended 31 December 2020, the Board considers that the Placing represents a good and timely

opportunity for the Company to strengthen the financial position of the Group and to maintain a healthy working capital position for enhancing business performance of the Company. The Directors are of the view that the Placing is in the interest of the Company and its Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

There is no equity fund raising activity has been carried out by the Company in the twelve (12) months immediately prior to the date of this announcement:

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing, assuming the Placing Shares are fully placed, is set out as below:

Shareholder	Shareholding structure as at the date of this announcement		Shareholding structure upon completion of the Placing	
	Number of Shares	Shareholding (%) (Note 2)	Number of Shares	Shareholding (%)
<b>Directors (including ex-Directors) and substantial Shareholder</b>				
A&B Development Holding Limited (Note 1)	<u>63,645,000</u>	<u>63.65</u>	<u>63,645,000</u>	<u>53.04</u>
<b>Sub-total</b>	<u>63,645,000</u>	<u>63.65</u>	<u>63,645,000</u>	<u>53.04</u>
<b>Public Shareholders</b>				
The Places	—	—	20,000,000	16.67
Other public Shareholders	<u>36,355,000</u>	<u>36.35</u>	<u>36,355,000</u>	<u>30.29</u>
<b>Sub-total</b>	<u>36,355,000</u>	<u>36.35</u>	<u>56,355,000</u>	<u>46.96</u>
<b>Total</b>	<u><u>100,000,000</u></u>	<u><u>100.00</u></u>	<u><u>120,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. These 63,645,000 Shares are held by A&B Development Holding Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Huang Xiaodi (“Mr. Huang”), the Chairman, Chief Executive Officer and Executive Director of the Company. Therefore, Mr. Huang is deemed to be interested in all the Shares held by A&B Development Holding Limited for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
2. The percentages are subject to rounding difference, if any.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	the annual general meeting of the Company held on 6 May 2021
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or public holiday or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours.
“Company”	Dowway Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on GEM of the Stock Exchange
“connected person(s)”	the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20,000,000 new Shares, being 20% of the shares then in issue of the capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China



“Independent Third Party(ies)”	third party(ies) who are not connection persons of the Company and independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under as defined under the GEM Listing Rules)
“Long Stop Date”	by 4:00 p.m. (Hong Kong time) on 13 April 2022 or such later date and time as the parties hereto may agree in writing.
“Placee(s)”	any professional, institutional or other investor(s) procured by the Sole Placing Agent to subscribe for any of the Placing Shares pursuant to the Sole Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares on a best endeavor basis pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Sole Placing Agent on 24 March 2022 in relation to the Placing
“Placing Price”	HK\$0.55 per Placing Share
“Placing Share(s)”	up to 20,000,000 new Shares to be placed pursuant to the Placing Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.002 each in the issued share capital of the Company
“Sole Placing Agent”	CHINA TONGHAI SECURITIES LIMITED, a company incorporated in Hong Kong with limited liability and licensed in Hong Kong to carry out Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“USD” Unites States dollars, the lawful currency of the United States of America

“%” per cent.

By Order of the Board  
**Dowway Holdings Limited**  
**Huang Xiaodi**  
*Chairman, Chief Executive Officer and Executive Director*

Beijing, 24 March 2022

*As at the date of this announcement, the executive Directors are Mr. Huang Xiaodi, Mr. Ma Yong and Mr. Yan Jinghui, non-executive Director is Mr. Yuen Poi Lam William and the independent non-executive Directors are Ms. Xu Shuang, Mr. Gao Hongqi and Mr. Yu Leung Fa.*

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

*This announcement will remain on the “Latest Listed Company Information” page of GEM of the Stock Exchange website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of publication and on the website of the Company at [www.dowway-exh.com](http://www.dowway-exh.com).*