
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Diwang Industrial Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the licensed securities dealer, registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

DIWANG INDUSTRIAL HOLDINGS LIMITED

帝王實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1950)

MAJOR AND CONNECTED TRANSACTION SECOND DISPOSAL OF 24% INTEREST IN A SUBSIDIARY AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 4 to 18 of this circular.

A notice convening the EGM to be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 27 February 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM (or any adjournment thereof) is also enclosed.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — VALUATION REPORT	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Company” or “Vendor”	Diwang Industrial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1950)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Second Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 27 February 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, approving, among other things, the Second Disposal, the Second Sale and Purchase Agreement and the transactions contemplated thereunder
“First Disposal”	the disposal of 25% interest in the Target Company by the Vendor to the Purchaser under the First Sale and Purchase Agreement
“First Sale and Purchase Agreement”	the sale and purchase agreement dated 27 December 2024 between the Vendor and the Purchaser in relation to the First Disposal for the consideration of RMB29,860,000 as disclosed in the Previous Announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons

DEFINITIONS

“Latest Practicable Date”	29 January 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cao”	Mr. Cao Yang, the sole shareholder of the Purchaser as at the Latest Practicable Date based on publicly available information
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau for the purpose of this circular
“Previous Announcement”	the announcement of the Company published on 27 December 2024 in respect of the First Sale and Purchase Agreement
“Purchase Price”	the total consideration for the sale and purchase of the Sale Shares, being RMB29,860,000
“Purchaser”	BlueOcean Investment (Global) Ltd, a company incorporated under the laws of the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 12,000 issued shares of the Target Company, which represent 24% of the issued share capital of the Target Company
“Second Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser under the Second Sale and Purchase Agreement
“Second Sale and Purchase Agreement”	the sale and purchase agreement dated 11 November 2025 between the Company and the Purchaser in relation to the Second Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules
“Target Company”	Darkblue Investment Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company

DEFINITIONS

“Valuation Date”	30 September 2025
“Valuer”	Peak Vision Appraisals Limited, an Independent Third Party, engaged by the Company for the purpose of the appraisal of the value of 24% of the equity interest in Zhejiang Sunlight
“Zhejiang Sunlight”	Zhejiang Sunlight Material Technology Co., Ltd. (浙江深藍新材料科技有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Target Company
“%”	per cent

Unless otherwise stated, in the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

LETTER FROM THE BOARD

DIWANG INDUSTRIAL HOLDINGS LIMITED

帝王實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1950)

Executive Directors

Mr. Chen Hua
Mr. Lam Kam Kong Nathaniel
Mr. Zhong Wenlong
Mr. Sun Jingang

Registered office:

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman KY1-9009
Cayman Islands

Independent non-executive Directors

Mr. Au Hei Ching
Mr. Lee Cheung Yuet Horace
Mr. Huang Zhenming
Ms. Zhou Xiaochun

*Head Office and Principal Place of
Business in the PRC:*

No.2, Jiangshan Road
Meicheng Town
Jiande County
Hangzhou City
Zhejiang Province
PRC

*Principal Place of
Business in Hong Kong:*

1101, 11th Floor,
Gloucester Tower, The Landmark
15 Queen's Road Central
Hong Kong

30 January 2026

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
SECOND DISPOSAL OF 24% INTEREST IN A SUBSIDIARY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 27 December 2024 and 11 November 2025 in relation to the First Disposal and the Second Disposal. On 11 November 2025 (after trading hours), the Company, as the Vendor, and the Purchaser (an Independent Third Party) entered into the Second Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares (which represent 24% of the issued share capital of the Target Company) at the Purchase Price.

The purpose of this circular is to provide you with, among other things, (i) this letter from the Board containing further information on the Second Disposal; (ii) the valuation report; (iii) financial information of the Group; and (iv) the notice convening the EGM, as well as other information as required under the Listing Rules.

THE SECOND SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 11 November 2025 (after trading hours), the Company, as the Vendor, and the Purchaser (an Independent Third Party) entered into the Second Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares (which represent 24% of the issued share capital of the Target Company) at the Purchase Price.

The principal terms and conditions of the Second Sale and Purchase Agreement are set out as follows:

Date	11 November 2025 (after trading hours)
Parties	(1) the Company, as the Vendor; and (2) the Purchaser.

As at the Latest Practicable Date, the Company, as the Vendor, holds 75% of the issued share capital of the Target Company. Upon Completion, the Target Company will be held as to 51% by the Company and 49% by the Purchaser. Therefore, the Target Company will continue to be a subsidiary of the Company following the Completion and its financial results will continue to be consolidated with the results of the Group.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

LETTER FROM THE BOARD

Subject matter to be disposed of	Pursuant to the Second Sale and Purchase Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares (which represent 24% of the issued share capital of the Target Company).
Consideration and the basis thereof	<p>The Purchase Price of RMB29,860,000 shall be payable in cash in accordance with the following manners:</p> <ul style="list-style-type: none">(i) The first installment in the sum of RMB10 million shall be payable within one month after the completion of the registration of the transfer of the Sale Shares to the Purchaser;(ii) The second installment in the sum of RMB10 million shall be payable within two months after the completion of the registration of the transfer of the Sale Shares to the Purchaser; and(iii) The remaining shall be payable within three months after the completion of the registration of the transfer of the Sale Shares to the Purchaser. <p>The staged payment arrangement, with installments payable within one, two and three months after completion of the registration of the transfer of the Sale Shares, was agreed upon between the Vendor and the Purchaser following arm's length negotiations. This payment term arrangement is intended to encourage a collaborative relationship between Vendor and Purchaser, promoting open communication and addressing any potential concerns during the transition period.</p> <p>The Directors (including the independent non-executive Directors) of the Company are of the view that the payment terms are fair, reasonable, and are in the interests of the Company and its Shareholders as a whole for the following reasons:</p> <ul style="list-style-type: none">(i) The Second Sale and Purchase Agreement is a legally binding contract that imposes an obligation on the Purchaser to pay the Purchase Price in accordance with the stipulated payment schedule;(ii) The Consideration will be settled within 3 months after the completion of the registration of the transfer of the Sale Shares which is considered as a reasonable and short timeframe; and

LETTER FROM THE BOARD

- (iii) a reasonable amount of time is provided to address potential problems and facilitate Completion.

Such consideration was determined upon arm's length negotiation between the Vendor and the Purchaser, after taking into account among others, (i) the financial and operational performance of the Target Company; and (ii) the valuation of 24% of the equity interest in Zhejiang Sunlight, the sole operating subsidiary of the Target Company, as appraised by the Valuer as at the Valuation Date using the market approach.

The Second disposal relates to a 24% equity interest in the Target Company. The consideration was determined with reference to a valuation performed using the market approach – guideline public company method, which is considered the most appropriate approach for a non-controlling, minority interest. As the subject interest does not provide control over the Target Company's strategic, operational, or financial decisions, valuation benchmarks derived from the market approach – reflecting minority pricing observed in the public market – provide a more representative indication of value than a control-level net asset value ("NAV").

In applying the market approach, a discount for lack of marketability ("DLOM") was incorporated to reflect the illiquidity of the subject interest relative to freely tradable shares of listed peers. By contrast, if the asset approach (that is, NAV) were adopted, both a discount for lack of control ("DLOC") and a DLOM would be required to adjust the control-level NAV to a minority, illiquid position. These structural discounts, together with the Target Company's financial and operational performance, would materially reduce the NAV attributable to the 24% interest and may result in a value broadly consistent with the market-based indication (see below).

LETTER FROM THE BOARD

Furthermore, NAV alone does not capture market sentiment toward the faux-leather-products industry or the profitability profile of the Target Company. The Target Company's financial and operational performance further supports the divergence between NAV and the consideration. Prior to 2020, the business historically achieved double-digit operating margins, and management expected margins to recover to similar levels in the post-COVID period from 2023 onwards. However, due to intensified competition and pricing pressure, the Target Company's profitability has deteriorated. Segment profit declined from RMB21.5 million in 2023 to RMB14.3 million in 2024, with segment operating margins falling from approximately 8.2% to 5.4% over the corresponding period. This downward trend continued into the first half of 2025, with segment profit of only about RMB5.0 million and a segment operating margin of approximately 4.4%. Revenue in the first half of 2025 also declined to RMB113.1 million, representing a decrease of about 6.6% compared with the first half of 2024. These trends indicate that the business is operating below expected performance levels and that its earnings capacity is weakening.

In addition, a significant portion of the Target Company's manufacturing equipment typically requires replacement after approximately 7 years due to the high level of corrosion associated with chemical production. As at 30 September 2025, manufacturing equipment with total original cost and net book value of approximately RMB55.2 million and RMB8.8 million respectively had already been in use for at least 5 years, indicating that substantial maintenance or replacement may be required in the near term. Separately, industrial complexes generally require a major overhaul after around 12 to 15 years of use. As at 30 September 2025, a portion of the industrial complex with total original cost and net book value of approximately RMB35.0 million and RMB17.4 million respectively had been in use for more than 10 years, suggesting that a significant overhaul may be needed in the near future. Furthermore, given the decline in property prices in Hangzhou, it is expected that the value of the property has decreased by approximately RMB4.8 million, based on the latest asking prices for comparable units in the same building.

LETTER FROM THE BOARD

The Target Company has also experienced an increase in aged trade receivables, signaling heightened credit risk and uncertainty over cash realisation. Furthermore, with rising geopolitical tension between China and the United States – one of the largest end-markets for faux-leather-products – has introduced further external risks that may affect demand and pricing.

Taking into account the minority nature of the interest, the application of DLOM, the Target Company's financial and operational characteristics, the deterioration in profitability and margins, and the increasing external risks affecting the sector, the consideration for the 24% interest is consistent with the economic value of a non-controlling, illiquid minority stake. This explains why the implied discount to the Target Company's NAV exceeds 50%.

Quantitatively, in the case if the NAV is reduced by replacement cost required for manufacturing equipment (aged over 5 years) and overhaul cost required for industrial complex (aged over 10 years) to maintain current operations, and applied the discount for lack of marketability of about 20.4% (based on Stout Study) and discount for lack of control of about 26.7% (based on the research published by FactSet/BVR Control Premium Study, the overall median discount for lack of control for transaction of businesses involved in chemicals and allied products during the period from 30 September 2005 to 30 September 2025 was approximately 26.7%), the indicated value of 24% equity interest would be approximately RMB29.9 million, which is rather close to the valuation result based on market approach – guideline public company method. The indicated value based on asset approach is calculated as follows:

	<i>RMB'000</i>
NAV as at 30 September 2025	263,504
Less: Overhaul of industrial complex required in the near future (assume 50% of original cost required)	(17,500)
Less: Manufacturing equipment to be replaced in the next 2 years (assume 50% of original cost required)	(27,600)
Less: Decrease in property value (Hangzhou office units)	<u>(4,800)</u>
	213,604
Less: DLOM	<u>(43,575)</u>
	170,029
Less: DLOC	<u>(45,398)</u>
	124,631
100% Equity Interest (Non-controlling Basis)	29,911
24% Equity Interest	<u>29,911</u>

LETTER FROM THE BOARD

In any event, the NAV assessment above is provided for reference only. Given that the subject interest represents a non-controlling interest, the market approach – guideline public company method – is considered more appropriate, as it better captures the pricing dynamics, minority-interest characteristics, and market-based risk factors relevant to such shareholdings.

The Board has carefully reviewed the valuation of the 24% equity interest in the Target Company prepared using the market approach – guideline public company method. In assessing the valuation, the Board considered both the qualitative rationale for the selected methodology and the quantitative analyses, assumptions and inputs adopted by the Valuer.

Qualitatively, the Board noted that the guideline public company method is appropriate given the non-controlling nature of the subject interest. As the 24% interest does not confer control over the Target Company's strategic, operational or financial decisions, the Board agreed that a market-based minority valuation approach provides a more representative indication of value than a control-level net asset value. The Board also reviewed the application of a discount for lack of marketability (DLOM), which reflects the illiquid nature of the interest relative to freely tradable listed shares, and considered this adjustment reasonable and consistent with market practice. The Board further noted that the DLOM adopted is supported by empirical study.

Quantitatively, the Board examined the selection of comparable listed companies, the valuation multiples adopted, and the arithmetic correctness of the calculations. The Board reviewed the segment revenue profiles of the comparable companies and was satisfied that the selected peers were relevant to the Target Company's operations. The Board also assessed the reasonableness of the valuation multiples adopted and noted that they are commonly used in market-based valuations and are consistent with prevailing market data. In addition, the Board reviewed the detailed calculations performed by the valuer and did not identify any computational errors.

LETTER FROM THE BOARD

Further, the Board reviewed the key financial and operational performance indicators of the Target Company that were considered in the valuation. These included the declining operating profit and margin since 2023 due to intensified competition and pricing pressure, the reduction in revenue in the first half of 2025, the ageing of production equipment requiring significant near-term maintenance or replacement, and the increase in aged trade receivables indicating heightened credit risk. The Board considered that these factors appropriately support and justify the divergence between the Target Company's book NAV and the value of a minority interest.

Having considered the methodology, assumptions and inputs adopted, as well as the Target Company's financial and operational performance, the Board is of the view that the valuation is fair and reasonable and reflects the economic value of a non-controlling, illiquid minority interest in the Target Company.

The Board has reviewed the valuation of the 24% equity interest in the Target Company, including the methodology, assumptions and inputs adopted by the Valuer, as well as the Target Company's recent financial and operational performance. Having considered the non-controlling nature of the interest, the appropriateness of using the market approach – guideline public company method, and the application of a discount for lack of marketability, the Board is satisfied that the valuation methodology is reasonable and consistent with market practice for minority interests.

The Board also noted the Target Company's deteriorating financial performance, including the decline in operating profit and margin since 2023 and the reduction in revenue in the first half of 2025, reflecting intensified competition and pricing pressure. The Board further noted the ageing of production equipment requiring significant near-term maintenance or replacement, and the increase in aged trade receivables indicating heightened credit risk. These factors collectively reduce the economic value attributable to a minority shareholder and support the valuation outcome.

LETTER FROM THE BOARD

In addition, the Board considered the broader external environment affecting the Target Company's business. With increasing geopolitical tension between China and the United States, one of the largest end-markets for faux leather and related downstream products, the demand outlook for colouring chemicals, coating chemicals and faux-leather-related chemical products has become increasingly uncertain. Coupled with the substantial cash outflows expected for equipment replacement and the weakening profitability trend, the Board believes that disposing of the 24% interest allows the Group to reduce its exposure to rising operational, financial and market risks associated with the Target Company.

On the aforesaid basis, the Directors are of the view that the Purchase Price is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

For the valuation report, please refer to Appendix I of this circular.

Conditions precedent to the Completion

The Completion is conditional upon fulfillment (or waiver, as applicable) of customary conditions precedent that the warranties of the Purchaser in the Second Sale and Purchase Agreement being true and accurate and not misleading at the Completion, and that all licences, approvals and consents necessary for the sale and purchase of the Sale Shares (including the Shareholders' approval required to be obtained under the Listing Rules) having been obtained in the form and substance satisfactory to the Vendor and the Purchaser.

The Vendor and the Purchaser have agreed to use all reasonable endeavours to procure (so far as it is so able to procure) the satisfaction of the conditions.

Completion

The Completion shall take place on or before 31 March 2026 or any other date as may be agreed between the Vendor and the Purchaser.

LETTER FROM THE BOARD

Financial Effect of the Second Disposal

As at the Latest Practicable Date, the Company, as the Vendor, holds 75% of the issued share capital of the Target Company. Immediately upon Completion, the direct shareholding of the Company in the Target Company will be reduced from 75% to 51% and the Target Company will continue to be a subsidiary of the Company. The results of operations and financial position of the Target Company will continue to be recorded in the Group's consolidated financial statements. As the effect of the Second Disposal (upon the Completion) is not expected to cause a loss of the Group's control over the Target Company, the Second Disposal (upon Completion) is expected to be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss for the Company.

Use of Proceeds from the Second Disposal

The gross proceeds from the Second Disposal are expected to be RMB29,860,000, which will be used by the Group as follows:

Approximately 60% will be used for the repayment of indebtedness of the Group including but not limited to the bank borrowings and other current payable of the Group, with execution targeted around 6 months following receipt of the proceeds. Approximately 30% will be used for the investment in new potential business opportunities, primarily to fund the development of the synthetic leather chemical product trading business, with deployment anticipated around 12 months following receipt of the proceeds. The remaining 10% will serve as general working capital to support ongoing operations including but not limited to repaying the professional fee and covering other operation expenses around 12 months following receipt of the proceeds.

The Company plans to allocate resources to the synthetic leather chemical product trading business to transition to a light-asset trading service model, leveraging existing customer resources to provide suitable chemical products. In October 2025, the Company established a subsidiary specializing in the sale of synthetic leather chemical products, and relevant qualifications and licenses, including but not limited to the hazardous chemicals handling license, were obtained in December 2025. Sales of synthetic leather chemical products are expected to commence in January 2026, with an anticipated annual sales revenue of RMB30 to 50 million. Mr. Chen Hua, the executive Director, is in charge of management of synthetic leather chemical product trading business, while the chief engineer and sales experts are responsible for operations. Currently, there are approximately 10 management personnel involved in the synthetic leather chemical product trading business. It is projected that a sales and technical support team of 30 personnel will be required in one year.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES

Information of the Target Company

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands and a non-wholly-owned subsidiary of the Company as at the Latest Practicable Date. It is principally engaged in the business of investment holding while its indirect wholly-owned subsidiary, Zhejiang Sunlight, is principally engaged in the manufacturing and sale of faux leather chemical. The unaudited financial information of the Target Company for the nine months ended 30 September 2025, and the audited financial information of the Target Company for the financial years ended 31 December 2024 and 31 December 2023 are set out below.

	For the financial year ended 31 December 2023 <i>(audited)</i>	For the financial year ended 31 December 2024 <i>(audited)</i>	For the nine months ended 30 September 2025 <i>(unaudited)</i>
Approximately RMB'000	Approximately RMB'000	Approximately RMB'000	Approximately RMB'000
Revenue	262,546	262,495	181,314
Net profit (or loss) before taxation	19,487	13,203	(1,100)
Net profit (or loss) after taxation	17,556	12,389	(2,715)

As at 30 September 2025, the unaudited total assets of the Target Company amounted to approximately RMB409.5 million and the net asset value of the Target Company was approximately RMB263.5 million.

Information of the Vendor

Our Company, being the Vendor, was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1950). As at the Latest Practicable Date, it is interested in 75% of the issued share capital of the Target Company. It, through its subsidiary, is principally engaged in the business of manufacturing and sale of faux leather chemicals and Chinese liquor.

Information of the Purchaser

The Purchaser is a company incorporated under the laws of the British Virgin Islands with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, based on publicly available information in relation to the Purchaser, the Purchaser is wholly owned by Mr. Cao. Mr. Cao is a merchant with PRC nationality.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE SECOND DISPOSAL

Mr. Cao, the ultimate beneficial owner of the Purchaser, has been working in the faux leather industry for over 20 years and is currently engaged in the foreign trade of faux leather. It is believed that the entering into of the Second Sale and Purchase Agreement and the Second Disposal as contemplated thereunder would:

- (i) enhance the sales of the Group as Mr. Cao will help develop the sales and foreign trade markets for faux leather;
- (ii) offer an opportunity for the Group to dispose of part of its interest in the Target Company to better utilize its financial resources as the Second Disposal is expected to enable the Company to generate immediate cash flow for reinvestment into the synthetic leather chemical product trading business;
- (iii) allow Mr. Cao to assign his subordinates to leverage his existing customer network and develop new business.

Firstly, the Second Disposal generates immediate cash proceeds that can be redeployed by the Group towards repaying debt and other current payables. This can improve the financial position of the Group and reduce both gearing and finance costs.

Secondly, part of the proceeds is intended to fund the development of the synthetic leather chemical product trading business, which can generate additional revenue and cash flow for the Group. The Directors believe that the synthetic leather chemical product trading business has strong potential. It is expected that this business can be developed quickly, leveraging the existing network for faux leather chemicals.

Additionally, the synthetic leather chemical product trading business is considered an extension of the sales and manufacturing of the faux leather chemical business. Given the decrease in segment revenue and profits from the sales and manufacturing of faux leather chemicals, the trading business serves as a bridge for the Group to transition toward an asset-light business structure in the coming years.

LETTER FROM THE BOARD

Consequently, this will improve the Group's liquidity, enhance working capital, and strengthen its overall financial position. In light of the higher profitability recorded in the Chinese Liquor Business in recent years, the Group would like to allocate more resources to this sector. Moreover, the Board is considering converting to an asset-light business structure in the coming years, establishing a synthetic leather chemical product trading business alongside its manufacturing operations. The Second Disposal serves as a valuable opportunity for the Group to replenish its working capital and focus on the development of the synthetic leather chemical product trading business. Furthermore, based on the reasons set forth in the section headed "Consideration and the basis thereof" above, the Directors are of the view that the terms of the Second Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DIRECTORS' VIEW AND BOARD'S APPROVAL

The Directors (including the independent non-executive Directors) of the Company are of the view that the terms of the Second Sale and Purchase Agreement have been negotiated on an arm's length basis, are fair and reasonable, are on normal commercial terms or better and are in the interests of the Company and its Shareholders as a whole.

No Director was deemed to have any material interest in the transactions contemplated under the Second Sale and Purchase Agreement. Accordingly, none of the Directors was required to abstain from voting on the Board resolutions approving the same.

LISTING RULES IMPLICATIONS

The Second Disposal (on a standalone basis) constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, as the highest percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Second Disposal (on a standalone basis) exceeds 5% but is less than 25%. Therefore, the Second Disposal (on a standalone basis) is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement thereunder.

As at the Latest Practicable Date, the Purchaser is a substantial shareholder of the Target Company, a non-wholly-owned subsidiary of the Company; therefore, the Purchaser is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. As a result, the Second Disposal (on a standalone basis) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the Second Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Second Disposal are fair and reasonable, and the Second Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Second Disposal (on a standalone basis) is therefore subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As the Second Sale and Purchase Agreement and the First Sale and Purchase Agreement (details of which were disclosed in the Previous Announcement) were entered into with the same Purchaser within a 12-month period and they involve the disposal of interest in the same Target Company, the Company is required by the Listing Rules to aggregate the Second Disposal and the First Disposal and treat them as if they were one transaction under Rule 14.22 of the Listing Rules.

LETTER FROM THE BOARD

The Second Disposal and the First Disposal (on an aggregated basis) constitute a major transaction of the Company as one or more of the applicable percentage ratios is 25% or more but less than 75%. Therefore, the Second Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

Set out on pages EGM-1 to EGM-2 of this circular is a notice of the EGM to be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 27 February 2026 at 3:00 p.m. for the purpose of considering, and if thought fit, approving the Second Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates has a material interest in the Second Sale and Purchase Agreement and the transactions contemplated thereunder. Therefore, no Shareholder will be required to abstain from voting at the EGM to approve the ordinary resolution(s) in respect of the Second Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

The register of members of the Company will be closed from Tuesday, 24 February 2026 to Friday, 27 February 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

In order to attend and vote at the EGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Monday, 23 February 2026.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

In compliance with the Listing Rules, all the resolution(s) to be proposed at the EGM will be voted on by way of poll at the EGM.

RECOMMENDATION

The Directors consider that the terms of the Second Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

LETTER FROM THE BOARD

Shareholders and potential investors of the Company should be aware that as the Completion is subject to the satisfaction of the conditions precedent set out in the Second Sale and Purchase Agreement, therefore the Second Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

In relation to the announcement of the Company dated 11 November 2025 regarding the Second Disposal, the Board wishes to supplement and clarify that the Second Disposal constitutes a major and connected transaction of the Company. For further details, please refer to the paragraph headed “Listing Rules Implications” above.

Further, your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Diwang Industrial Holdings Limited
Lam Kam Kong Nathaniel
Executive Director and Joint Company Secretary

The following is the text of the valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent valuer, in connection with its valuation of 24% of the equity interest in Zhejiang Sunlight. Terms defined in this appendix apply to this appendix only.



Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com

Tel (852) 2187 2238
Fax (852) 2187 2239

30 January 2026

The Board of Directors
浙江深藍新材料科技有限公司
中華人民共和國
浙江省杭州市
西湖區西園八路3號
浙大森林E1-16層

Dear Sirs,

Re: Valuation of 24% equity interest of 浙江深藍新材料科技有限公司 as at 30 September 2025

In accordance with your instruction, we have conducted a valuation of the market value of 24% equity interest of 浙江深藍新材料科技有限公司 (the “**Company**”). It is our understanding that the Company is principally engaged in the provision of chemical products for faux leather in the People’s Republic of China (the “**PRC**” or “**China**”). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of 24% equity interest of the Company as at 30 September 2025 (the “**Valuation Date**”).

This report states the purpose of valuation and basis of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management (together, the “**Management**”) of the Company for internal reference and incorporation into the circular of Diwang Industrial Holdings Limited in connection with the proposed disposal of the Company.

Peak Vision Appraisals Limited (“**Peak Vision Appraisals**”) acknowledges that this report may be used by the Management as one of the sources of information for the proposed disposal of the Company and may also be made available to the auditor of the Company for auditing reference only. The proposed transaction, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The Management should be solely responsible for determining the consideration of the proposed transaction, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the Management in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 BASIS OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable.

Our valuation is based on the going concern premise and conducted on market value basis. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

3.0 SOURCES OF INFORMATION

In the course of our valuation, we have had discussion with the Management on the development of the Company and the prospect of the faux leather chemicals manufacturing industry in the PRC. As confirmed by the Management, there have been no material changes in the operations of the Company since our last visit in November 2024. We have also relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, Refinitiv, Kroll Cost of Capital Navigator*, etc.

* *Kroll Cost of Capital Navigator is a global cost of capital tool and data delivery platform developed by Kroll Inc. (rebranded from Duff & Phelps LLC in 2022), which is a leading independent corporate investigation, risk consulting and financial advisory solutions provider established in 1972.*

The major documents and information include the following:

- Copies of certificate(s) or license(s) and other relevant information of the Company as provided by the Management or extracted from public sources;
- Historical financial information such as income statements and balance sheets of the Company as provided by the Management;

- Operational information of the Company as discussed with the Management; and
- Industry and economic data.

We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of the market value.

4.0 LIMITATIONS AND RELIANCE ON INFORMATION

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

This report is based upon business, financial and other information provided by the Management. We have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Preparation of this report does not imply that Peak Vision Appraisals has audited in any way the financial or other information of the Company. It is understood that the financial information provided is prepared in accordance with generally accepted accounting principles and has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Company as at the respective financial statement dates.

5.0 BUSINESS ENTERPRISE

5.1 Background

浙江深藍新材料科技有限公司 (the Company) is a limited liability company incorporated in the PRC on 18 December 2003. The following table summarizes the business registration details of the Company, according to National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

Unified social credit code : 91330100757071273P

Name : 浙江深藍新材料科技有限公司 (the Company)

Incorporation type : Limited liability company (Taiwan, Hong Kong or Macau legal person sole proprietorship) (有限責任公司 (台港澳法人獨資))

Registered address : 中華人民共和國浙江省杭州市建德市梅城鎮薑山路2號 (No. 2, Jiangshan Road, Meicheng Town, Jiande City, Hangzhou City, Zhejiang Province, the PRC)

Incorporation date	:	18 December 2003
Confined business scope	:	General business activities: research and development of new material technology; production of chemical products (excluding licensed chemical products); manufacturing of coating (excluding hazardous chemicals); manufacturing of ink (excluding hazardous chemicals); manufacturing of dye; manufacturing of sealant; manufacturing of sealing filler; manufacturing of engineering plastics and synthetic resin; manufacturing of synthetic material (excluding hazardous chemicals); manufacturing of special chemical product (excluding hazardous chemicals); manufacturing of high-performance fiber and composite material; sales of surface functional material; sales of new membrane material; sales of high-performance fiber and composite materials; sales of engineering plastic and synthetic resin; sales of chemical product (excluding licensed chemical products); domestic trade agency; sales of coating (excluding hazardous chemicals); sales of leather; sales of special chemical product (excluding hazardous chemicals); sales of synthetic material; sales of dye; sales of sealing filler; sales of synthetic fiber; sales of ink (excluding hazardous chemicals); sales of pigment; import and export of goods; import and export of technology (Except for activities that require approval according to law, business activities can be carried out independently with a business license and in accordance with the law).

Table 1: Business Registration Details of the Company

Source: National Enterprise Credit Information Publicity System

6.0 BUSINESS OVERVIEW

浙江深藍新材料科技有限公司 (the Company) is principally engaged in the research and development, manufacturing and sale of coating agents and synthetic resins under its established brand of “深藍材料” in the PRC.

6.1 Products

The Company offers a wide range of faux leather chemical products, including colourants, namely, colour paste and colour chips, finishes, additives and synthetic resins, for the manufacturing of Polyurethane (“PU”) leather and Polyvinyl Chloride (“PVC”) leather.

In general, synthetic leather is a four-layered structure comprising, from the bottom to the top, the base layer, the wet layer, the dry layer and the surface layer. The synthetic resins products may be applied to the dry layer of synthetic leather and its upper structures to connect the wet layer with the dry layer and to achieve certain properties such as to maintain the colour and textures of the faux leather, while the coating agents, namely colourants, finishes and additives products, are used for colouring faux leather or giving faux leather the ideal texture, patterns and other effects.

Products and their respective applications are summarized as follows:

Product Type	Description	Application in Synthetic Leather	Effect (for illustrative purpose)
Colour paste	A sort of pigment, in liquid form, used to give colour to materials	Base layer; wet layer; dry layer; surface layer	Colour paste applied on faux leather
Colour chips	A sort of pigment, in solid form, used to give colour to materials	Base layer; wet layer; dry layer; surface layer	Colour chips applied on faux leather
Finishes	Chemical substances used to change the physical and chemical characteristics of surfaces of materials to achieve desired effects	Surface layer	Certain finishes applied on faux leather, effecting colour conversion detail
Additives	Chemical substance to accelerate and facilitate chemical reactions in the production of faux leather and to enhance functionalities such as hydrolysis resistance and abrasion resistance	Wet layer; dry layer; surface layer	Certain additives applied on faux leather surfaces, making them waterproof
Synthetic resins	Synthetic resins are polymers composed of organic units joined by urethane links	Dry layer	Certain synthetic resins applied on faux leather, enhancing its resistance to yellowing

6.2 Production Site

The Company has a production site located at No. 2, Jiangshan Road, Meicheng Town, Jiande City, Hangzhou City, Zhejiang Province, the PRC for the production of faux leather chemical products. As advised by the Management, the Company has more than 50 production lines, including more than 30 production lines for the production of colour paste, 6 production lines for the production of colour chips, and 4 production lines for the production of synthetic resins. Additionally, the Company has 9 production lines which can be used to manufacture finishes or additives. As at the Valuation Date, the Company was capable of producing more than 15,000 tonnes of colour paste, nearly 3,000 tonnes of colour chips, more than 8,000 tonnes of finishes and additives and more than 5,000 tonnes of synthetic resins.

6.3 Customers

The Company's customers are mainly manufacturers of synthetic leather in the PRC, which are mainly located in Zhejiang, Guangdong, Fujian and Jiangsu Provinces. The Company also had certain overseas customers located in Brazil, Mexico, Turkey and Vietnam.

6.4 Historical Financial Performances and Positions of the Company

Based on financial information provided by the Management, revenue of the Company for the 9 months ended 30 September 2025 was approximately RMB181,314,000, and recorded net loss of approximately RMB2,714,000 during the corresponding period.

	1 January 2024 to 31 December	1 January 2025 to 30 September
(RMB '000)	2024	2025
Revenue	262,495	181,314
Cost of revenue	(208,305)	(138,618)
 Gross profit	54,190	42,696
Other net income	466	291
Other operating expenses	(37,387)	(40,965)
Finance costs	(1,293)	(1,340)
One-off income/expenses and non-operating items (including impairment of assets)	(2,773)	(1,782)
Taxation	(814)	(1,614)
 Net profit/(loss)	12,389	(2,714)

* Figures above are subject to rounding

Table 2: Historical financial performances of the Company
Source: Management

According to the financial information provided by the Management, the Company had a net asset position of approximately RMB263,504,000 as at 30 September 2025.

7.0 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the faux leather chemicals manufacturing industry in the PRC, and the development, operations and other relevant information of the Company. In addition, we have made relevant inquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information and other pertinent data concerning the Company provided to us by the Management.

The valuation of the Company requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Company;
- Historical information of the Company;
- Financial performances and positions of the Company;
- Proposed business development of the Company;
- Regulations and rules of the faux leather chemicals manufacturing industry in the PRC;
- Economic and industry data affecting the faux leather chemicals manufacturing industry and other dependent industries;
- Market-derived investment return(s) of similar business; and
- Industry and economic data.

8.0 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the market value of the business subject, namely the Market Approach, the Asset Approach and the Income Approach. Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation. It is also common practice to employ a number of valuation methods under each approach. Therefore, no single business valuation approach or method is definitive.

8.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to sales and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to arrive an indication of value.

8.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the fund that has been made available to purchase the business assets needed.

This fund comes from investors who buy stocks of the business entity (equity) and investors who lend fund to the business entity (debt). After collecting the total amounts of fund from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity.

8.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9.0 VALUATION ANALYSIS

9.1 Valuation Approach and Methodology

In the process of valuing the Company, we have considered the nature of the Company, specialty of its operations, its current condition, and the industry it is participating. Having considered the three general valuation approaches, we consider that the Market Approach would be appropriate and reasonable in the valuation of the market value of the Company.

In this valuation, the Income Approach is not adopted given that long-term forecasts inherently rely on various subjective assumptions, which may or may not be sustainable. Furthermore, according to the latest financial information provided by the Management, profit of the Company was relatively volatile over the years. Therefore, preparing the financial projections of the Company involves subjective judgement and uncertainties. In contrast, the Market Approach is better suited to capturing market sentiment and producing a less biased valuation of the Company as it requires fewer subjective inputs.

The Asset Approach is not applied as the valuation of the Company is conducted on a going concern basis, and the summation of its assets is inappropriate as such method ignores the future economic benefits of the business as a whole and market sentiment regarding the shares of the Company. We have therefore solely relied on the Market Approach in determining our opinion of value.

Under the Market Approach, we have considered two commonly used methods of valuation, the Guideline Public Company Method and the Comparable Transactions Method. The Guideline Public Company Method is applied as there are a certain number of public traded companies engaged in the same or similar line of business as the Company that can be identified. The shares of these publicly traded companies are actively traded in free and open markets and provide valid indicators of value to permit meaningful comparison. The application of the Comparable Transactions Method is limited as there are insufficient comparable transactions and information to form a reliable opinion of value.

For the valuation of the Company, we have employed enterprise value to sales (“EV/S”) ratio, enterprise value to earnings before interest and taxes (“EV/EBIT”) ratio and the price to book (“P/B”) ratio. We consider EV/S ratio, EV/EBIT ratio and P/B ratio are more representative than other commonly adopted multiples due to the following reasons:

- Earnings is the primary determinant of value;
- Enterprise value (“EV”) and earnings before interest and taxes (“EBIT”) measurements are useful for comparisons across guideline public companies with different capital/asset structures because they exclude the distorting effects of individual companies’ capital/asset levels;
- Sales is generally more stable and only affected by revenue recognition which makes it less affected by accounting manipulation. Furthermore, it provides insight into how the market values a company’s sales relative to its share price; and
- For manufacturing companies, the P/B ratio is an important measure because it reflects the company’s net asset value. Manufacturing companies typically have substantial physical assets such as property, machinery and equipment. P/B ratio helps in evaluating how the market perceives the value of these assets compared to their book value.

9.2 Guideline Public Companies

In the course of our valuation, we have identified a total of 7 guideline public companies for our analysis. Since the Company is principally engaged in the provision of chemical products for faux leather in the PRC, there are no perfect match of guideline public companies with exactly the same financial performance, business operations and risk profile as the business subject. However, the guideline public companies we identified are also engaged in the businesses of chemical products for faux leather or coloring or coating products (i.e. core products of the Company), and therefore we consider they are subject to similar business, industry and economic risks and rewards as the Company. Selection criteria of guideline public companies are listed as follows:

- a. Companies that are actively traded and publicly listed in Hong Kong and the PRC with market capitalization less than US\$212.64 million⁽¹⁾;
- b. Companies that are mainly engaged in the manufacturing of chemical products and/or paints and coatings;
- c. Companies that are profit making;
- d. Over 70% of the revenue are derived from the provision of chemical products;

- e. Over 70% of the revenue are generated in the PRC and/or Hong Kong;
- f. Core products include coloring chemicals, coating chemicals or faux leather related chemicals; and
- g. Shares of the guideline public companies are listed for more than 1 year.

Note:

(1) This is the market capitalization of the group of smallest companies by market capitalization as per studies published by Kroll Cost of Capital Navigator. For the valuation as at 30 September 2025, we have maintained the original market capitalization screening threshold of below USD 212.64 million (rounded to approximately RMB1,600 million) as at 31 October 2024, consistent with the criteria adopted in the previous valuation dated 31 October 2024. This approach ensures methodological consistency and allows for a meaningful comparison of valuation outcomes over time. While some of the previously selected comparable companies have since exceeded the threshold due to market growth, their continued inclusion reflects sector-wide performance and avoids selection bias. Revising the comparable set based solely on updated market capitalization would risk excluding relevant peers and failing to capture the broader market dynamics that have influenced the Company's valuation.

Based on our exhaustive search of the Refinitiv database using the criteria above, the 7 guideline public companies (exhaustive) are set out below:

Refinitiv Ticker	Company Name	Market capitalization	Market capitalization (as at 31 October 2024)	Enterprise value (as at 30 September 2025)	Total equity attributable (as at 30 September 2025)	Normalised earnings of the company (RMB'000)	Revenue (RMB'000)	and taxes (RMB'000)
		30 September 2025)	30 September 2025)	30 September 2025)				
		(RMB'000)	(RMB'000)	(RMB'000)				
0408.HK	Yip's Chemical Holdings Ltd	818,334	960,321	1,637,767	3,584,271 ⁽¹⁾	2,777,020 ⁽¹⁾	50,746 ⁽¹⁾	
0609.HK	Tiande Chemical Holdings Ltd	948,094	1,221,269	805,615	2,425,517 ⁽¹⁾	1,818,337 ⁽¹⁾	25,303 ⁽¹⁾	
1986.HK	Tsaker New Energy Tech Co Ltd	785,046	682,270	827,006	1,753,367 ⁽¹⁾	2,085,460 ⁽¹⁾	39,599 ⁽¹⁾	
8139.HK	Zhejiang ChangAn Renheng Technology Co Ltd		48,174	56,198	205,428	115,682 ⁽¹⁾	201,763 ⁽¹⁾	4,043 ⁽¹⁾
002748.SZ	Jiangxi Selon Industrial Co Ltd	1,555,812	2,361,467	3,007,181	1,373,519 ⁽¹⁾	2,030,365 ⁽¹⁾	90,943 ⁽¹⁾	
300535.SZ	Sichuan Dowell Science and Technology Inc		1,542,236	2,057,137	2,323,838	933,872 ⁽¹⁾	738,133 ⁽¹⁾	23,255 ⁽¹⁾
688350.SS	Jiangsu Feymer Technology Co Ltd	1,572,072	2,761,820	3,035,747	1,427,161 ⁽¹⁾	1,521,233 ⁽¹⁾		995 ⁽¹⁾

Table 3: Comparable guideline public companies

Source: Refinitiv, Peak Vision Appraisals

Note:

(1) As at 30 June 2025 or for the trailing twelve months ended 30 June 2025.

The above guideline public companies, together with the Company, are subject to similar fluctuations in the economy and performance of the chemicals manufacturing industry, among other factors. Thus, we consider they are confronted with similar risks and rewards. For details of the business overview of the above guideline public companies, please refer to Appendix I-I.

9.3 Multiple Ratios

The multiples are presented as follows:

Refinitiv Ticker	Company Name	<i>EV/S ratio⁽¹⁾</i>	Adopted Ratio
0408.HK	Yip's Chemical Holdings Ltd	0.59	0.59
0609.HK	Tiande Chemical Holdings Ltd	0.44	0.44
1986.HK	Tsaker New Energy Tech Co Ltd	0.40	0.40
8139.HK	Zhejiang ChangAn Renheng Technology Co Ltd	1.02	1.02
002748.SZ	Jiangxi Selon Industrial Co Ltd	1.48	1.48
300535.SZ	Sichuan Dowell Science and Technology Inc	3.15	3.15
688350.SS	Jiangsu Feymer Technology Co Ltd	2.00	2.00
		Mean	1.30
		Median	1.02
		Standard deviation	1.01
		Applied ratio	1.02
Refinitiv Ticker	Company Name	<i>EV/EBIT ratio⁽²⁾</i>	Adopted Ratio
0408.HK	Yip's Chemical Holdings Ltd	32.27	32.27
0609.HK	Tiande Chemical Holdings Ltd	31.84	31.84
1986.HK	Tsaker New Energy Tech Co Ltd	20.88	20.88
8139.HK	Zhejiang ChangAn Renheng Technology Co Ltd	50.82	50.82
002748.SZ	Jiangxi Selon Industrial Co Ltd	33.07	33.07
300535.SZ	Sichuan Dowell Science and Technology Inc	99.93	99.93
688350.SS	Jiangsu Feymer Technology Co Ltd	3,051.16	N/A ⁽⁴⁾
		Mean	44.80
		Median	32.67
		Standard deviation	28.67
		Applied ratio	32.67

Refinitiv Ticker	Company Name	P/B ratio ⁽³⁾	Adopted Ratio
0408.HK	Yip's Chemical Holdings Ltd	0.27	0.27
0609.HK	Tiande Chemical Holdings Ltd	0.50	0.50
1986.HK	Tsaker New Energy Tech Co Ltd	0.39	0.39
8139.HK	Zhejiang ChangAn Renheng Technology Co Ltd	0.49	0.49
002748.SZ	Jiangxi Selon Industrial Co Ltd	1.72	1.72
300535.SZ	Sichuan Dowell Science and Technology Inc	2.20	2.20
688350.SS	Jiangsu Feymer Technology Co Ltd	1.94	1.94
		Mean	1.07
		Median	0.50
		Standard deviation	0.84
		Applied ratio	0.50

Notes:

- (1) EV/S: Enterprise value (i.e. market capitalization + non-controlling interest + debt – cash) divided by revenue.
- (2) EV/EBIT: Enterprise value divided by earnings before interest and taxes (EBIT).
- (3) P/B: Market capitalization divided by total equity attributable to the owners of the company.
- (4) Extreme (over 2 standard deviation from mean) or negative outliers are excluded.

* Figures above are subject to rounding.

Based on the above, the adopted EV/S ratios of the guideline public companies ranged from the minimum of 0.40x to the maximum of 3.15x, resulting in a mean of approximately 1.30x and median of approximately 1.02x. The adopted EV/EBIT ratios of the guideline public companies ranged from the minimum of 20.88x to the maximum of 99.93x, resulting in a mean of approximately 44.80x and median of approximately 32.67x. The adopted P/B ratios of the guideline public companies ranged from the minimum of 0.27x to the maximum of 2.20x, resulting in a mean of approximately 1.07x and median of approximately 0.50x.

We have then adopted the medians as our multiples as median is not influenced by extreme values. We have then applied the multiples to the corresponding measurement bases, which is based on the latest available financial information of the Company.

9.4 Multiplication Factors

Based on the financial information provided by the Management, the multiplication factors applied are as follows:

	(RMB '000)
<u>Revenue</u>	
Revenue (trailing twelve months ended 30 September 2025)	246,938
<u>Normalised EBIT</u>	
Net profit/(loss) (trailing twelve months ended 30 September 2025)	382
Add: Taxation (trailing twelve months ended 30 September 2025)	1,818
Add: One-off income/expenses and non-operating items (including impairment of assets) (trailing twelve months ended 30 September 2025)	2,476
Add: Finance costs (trailing twelve months ended 30 September 2025)	1,664
Normalised EBIT (trailing twelve months ended 30 September 2025)	6,340
<u>Equity Attributable to Owners of the Company</u>	
Equity attributable to owners of the Company as at 30 September 2025	263,504

9.5 Lack of Marketability Discount

We have adopted a lack of marketability discount of approximately 20.40% as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The discount of 20.40% was determined with reference to Stout Restricted Stock Study Companion Guide (2024 Edition).

9.6 Cash and Debts

In computing the market value of the Company, we have adjusted the assessed enterprise value for the cash and debts of the Company wherever appropriate, as at the Valuation Date. Based on the financial information provided by the Management, the cash and debts as at 30 September 2025 were as follows:

	(RMB '000)
Cash	13,317
Debts	(62,000)

* *Figures above are subject to rounding*

9.7 Valuation Summary

Under the EV/S ratio, the median of the EV/S ratio of the guideline public companies was approximately 1.02x. By applying the revenue for the trailing twelve months ended 30 September 2025 of approximately RMB246,938,000 (in accordance with *Section 9.4*) of the Company and adjusting for lack of marketability (in accordance with *Section 9.5*), and cash and debts (in accordance with *Section 9.6*), the indicative value under the EV/S ratio as at the Valuation Date was approximately RMB151,450,000 (RENMINBI ONE HUNDRED AND FIFTY ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND ONLY). Our calculation is tabulated as follows:

	(RMB)
Applied EV/S ratio	1.02x
Multiplication factor (revenue for the trailing twelve months ended 30 September 2025)	<u>246,938,000</u>
	251,424,000
Adjustment:	
Less: Lack of marketability discount	<u>(51,291,000)</u>
	200,133,000
Add: Cash	13,317,000
Less: Debts	<u>(62,000,000)</u>
Indicative Value of 100% Equity Interest of the Company (Non-controlling basis) under EV/S ratio	<u><u>151,450,000</u></u>

* *Figures above are subject to rounding*

Under the EV/EBIT ratio, the median of the EV/EBIT ratio of the guideline public companies was approximately 32.67x. By applying the normalised EBIT for the trailing twelve months ended 30 September 2025 of approximately RMB6,340,000 (in accordance with Section 9.4) of the Company and adjusting for lack of marketability (in accordance with *Section 9.5*), and cash and debts (in accordance with *Section 9.6*), the indicative value under the EV/EBIT ratio as at the Valuation Date was approximately RMB116,192,000 (RENMINBI ONE HUNDRED AND SIXTEEN MILLION ONE HUNDRED AND NINETY TWO THOUSAND ONLY). Our calculation is tabulated as follows:

	(RMB)
Applied EV/EBIT ratio	32.67x
Multiplication factor (normalised EBIT for the trailing twelve months ended 30 September 2025)	<u>6,340,000</u>
	207,130,000
Adjustment:	
Less: Lack of marketability discount	<u>(42,255,000)</u>
	164,875,000
Add: Cash	13,317,000
Less: Debts	<u>(62,000,000)</u>
Indicative Value of 100% Equity Interest of the Company (Non-controlling basis) under EV/EBIT ratio	<u><u>116,192,000</u></u>

* *Figures above are subject to rounding*

Under the P/B ratio, the median of the P/B ratio of the guideline public companies was approximately 0.50x. By applying the equity attributable to owners of the Company of approximately RMB263,504,000 (in accordance with *Section 9.4*) of the Company and adjusting for lack of marketability (in accordance with *Section 9.5*), the indicative value under the P/B ratio as at the Valuation Date was approximately RMB105,611,000 (RENMINBI ONE HUNDRED AND FIVE MILLION SIX HUNDRED AND ELEVEN THOUSAND ONLY). Our calculation is tabulated as follows:

	(RMB)
Applied P/B ratio	0.50x
Multiplication factor (equity attributable to owners of the Company)	<u>263,504,000</u>
	132,677,000
Adjustment:	
Less: Lack of marketability discount	<u>(27,066,000)</u>
	105,611,000
	<u><u>105,611,000</u></u>

* *Figures above are subject to rounding*

By taking simple average of the indicative values above, we are of the opinion that the market value of 100% equity interest (non-controlling basis) of the Company as at the Valuation Date was in the sum of RMB124,417,000 (RENMINBI ONE HUNDRED AND TWENTY FOUR MILLION FOUR HUNDRED AND SEVENTEEN THOUSAND ONLY).

Based on our analysis stated above and applying 24% equity interest in the Company, we are of the opinion that the market value of 24% equity interest of the Company as at the Valuation Date was in the sum of **RMB29,860,000 (RENMINBI TWENTY NINE MILLION EIGHT HUNDRED AND SIXTY THOUSAND ONLY)**.

* *Figures above are subject to rounding*

10.0 VALUATION ASSUMPTIONS

- For the Company to continue as a going concern, the Company will successfully carry out all necessary activities for the development of its business;
- Key management, competent personnel, professional and technical staff will all be retained to support the ongoing operations of the Company;
- The availability of finance will not be a constraint on the forecast growth of the Company's operations in accordance with the business plans;

- Market trends and conditions where the Company operates will not deviate significantly from the economic forecasts in general;
- The financial information of the Company as supplied to us has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Company as at the respective financial statement dates;
- There will be no material changes in the business strategy of the Company and its operating structure;
- Interest rates and exchange rates in the localities for the operations of the Company will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Company.

11.0 LIMITING CONDITIONS

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for the accuracies.

We have relied to a considerable extent on the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibility for operational and financial information that has not been provided to us is accepted.

We have not investigated the title to or any legal liabilities against the Company and have assumed no responsibility for the title to or any legal liabilities against the Company. In forming our opinion, we have assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings.

To the extent that there are legal issues relating to financial instruments, assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Peak Vision Appraisals assumes no responsibility and offers no legal opinion or interpretation on any issue.

As advised by the Company, there are no material environmental, social, and governance (“ESG”) factors expected to impact the valuation of the valuation subject(s). Accordingly, and as agreed with the Company, ESG related considerations have not been incorporated into the valuation. In the course of our valuation, we have assumed that no significant ESG factors exist that would affect the valuation. This valuation does not constitute an ESG risk assessment or ESG rating.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Management/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

12.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

The Management has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

We hereby confirm that we have no material connection or involvement with the Company and its subsidiaries, associates, affiliates, or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Peak Vision Appraisals has previously been involved in the valuation of Company and Mr. Nick C. L. Kung has been the signatory to the valuation since 2024. For the subject valuation, Peak Vision Appraisals does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the RICS.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

13.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions appended above, we are of the opinion that the market value of 24% equity interest of the Company as at the Valuation Date was in the sum of **RMB29,860,000 (RENMINBI TWENTY NINE MILLION EIGHT HUNDRED AND SIXTY THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP), RICS Registered Valuer, MCIREA
Director
Corporate Valuations

Chern Sung Lee
CFA, CPA, MRICS, RICS Registered Valuer
Director
Corporate Valuations

Notes:

- (1) Mr. Nick C. L. Kung is a member of the Royal Institution of Chartered Surveyors (the RICS) and member of the Hong Kong Institute of Surveyors (the HKIS), RICS Registered Valuer, Registered Professional Surveyor (General Practice) and Registered Business Valuer of the Hong Kong Business Valuation Forum (HKBVF) and has more than 20 years of experience in the valuation of business assets and business entities in Hong Kong and overseas.
- (2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of business assets and business enterprises in Hong Kong and overseas.

Appendix I – I

Description of
Guideline Public Companies

Yip's Chemical Holdings Ltd ("Yip") is an investment holding company principally engaged in chemical businesses. Yip operates through four segments. Coatings segment is mainly engaged in the manufacture of and trading in coatings and related products. Inks segment is mainly engaged in the manufacture of and trading in inks and related products. Lubricants segment is mainly engaged in the manufacture of and trading in lubricants products. Properties segment is mainly engaged in the property investment. According to the interim report for the 6 months ended 30 June 2025 published by Yip, approximately 89% of the revenue was derived from manufacture and trading of coatings and inks, and approximately 98% of its revenue was derived in the PRC and Hong Kong during the 6 months ended 30 June 2025.

Tiande Chemical Holdings Ltd ("Tiande") is an investment holding company principally engaged in the chemical business. Tiande is engaged in the research and development, manufacturing and sales of fine chemical products. The main products include cyanide and its derivative products, alcohol products, chloroacetic acid and its derivative products, steam and other chemical products. Tiande distributes its products to China, India, United States of America, United Kingdom and others. According to the interim report for the 6 months ended 30 June 2025 published by Tiande, all its revenue was derived from manufacture, trading and research and development of chemical products, and approximately 70% of its revenue was derived in the PRC for the 6 months ended 30 June 2025.

Tsaker New Energy Tech Co Ltd, formerly Tsaker Chemical Group Ltd ("Tsaker"), is a holding company principally engaged in the manufacture and sale of dye and agricultural chemical intermediates. Tsaker operates through three segments. The Battery Materials segment engages in the manufacture and sale of battery materials. The Dye and Agricultural Chemical Intermediates segment produces dye intermediate products for use in the production of dye related products and products for use in the production of agricultural chemicals. The Pigment Intermediates and New Materials segment produces pigment intermediate products for the use in the production of pigments and monomer for production of new material products. Tsaker's products are mainly sold in China, Asia, Europe, North America and South America. According to the interim report for the 6 months ended 30 June 2025 published by Tsaker, approximately 75% revenue was derived from pigment intermediates and dye and agricultural chemical intermediaries, and approximately 78% of its revenue was derived in the PRC during the 6 months ended 30 June 2025.

Zhejiang ChangAn Renheng Technology Co Ltd ("Zhejiang ChangAn Renheng") is a China-based company principally engaged in the research, development, production and sale of bentonite fine chemicals. Zhejiang ChangAn Renheng's products include papermaking chemicals series, organic bentonite, inorganic gel, dry strength agent, quality calcium-bentonite and other chemicals, applied to coatings, building materials, water treatment, papermaking, oilfields, pesticides and other fields. Zhejiang ChangAn Renheng is also engaged in the clay mining and processing as well as wholesaling and retailing chemicals and equipment through its subsidiaries. Zhejiang ChangAn Renheng conducts its business in the domestic market. According to the interim report for the 6 months ended 30 June 2025 published by Zhejiang ChangAn Renheng, approximately 98% revenue was derived from manufacture and trading of chemical products in the PRC during the 6 months ended 30 June 2025.

Jiangxi Selon Industrial Co Ltd (“**Jiangxi Selon**”) is a China-based company engaged in the production of fine chemical products. Jiangxi Selon is mainly engaged in the research, development, production and sales of chemical products such as AC foaming agent, thionyl chloride, chlor-alkali, hydrazine hydrate and hydrogen peroxide. Jiangxi Selon’s products include chlor-alkali series products, thionyl chloride series products and medical and pesticide intermediates series products. According to the interim report for the 6 months ended 30 June 2025 published by Jiangxi Selon, approximately 99% revenue was derived from chemical products, and approximately 81% of its revenue was derived in the PRC and 19% of its revenue was derived from export business during the 6 months ended 30 June 2025.

Sichuan Dowell Science and Technology Inc (“**Sichuan Dowell**”) is a company mainly engaged in research and development, production and sales of leather chemicals. Sichuan Dowell’s products include clean leather making materials, such as enzyme preparations and degreasers, leather functional aids, such as bactericidal mold inhibitors and retanning agents; finishing materials, such as composite resins, as well as colorants. Sichuan Dowell sells its products to both domestic and international markets, including Vietnam, Bangladesh, Ethiopia, Mongolia and Thailand. According to the interim report for the 6 months ended 30 June 2025 published by Sichuan Dowell, approximately 95% revenue was derived from leather chemical products, and approximately 92% of its revenue was derived in the PRC during the 6 months ended 30 June 2025.

Jiangsu Feymer Technology Co Ltd (“**Jiangsu Feymer**”) is a China-based company mainly engaged in the research, development, production and sales of water-soluble polymer products. Jiangsu Feymer’s main products include water-soluble polymers, functional monomers, membrane separation products, water treatment membranes and membrane application products. Jiangsu Feymer’s products are mainly used in water treatment, pulp and paper, water treatment, oil and gas mining, mineral processing, textile printing and dyeing, windbreak and sand fixation, agriculture, forestry and water conservation and other industries. Jiangsu Feymer also provides external supplies of hydrogen, steam and electricity energy to businesses. Jiangsu Feymer mainly conducts its businesses in domestic and overseas markets. According to the interim report for the 6 months ended 30 June 2025 published by Jiangsu Feymer, approximately 84% revenue was derived from chemical products, and approximately 75% of its revenue was derived in the PRC during the 6 months ended 30 June 2025.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the years ended 31 December 2022, 2023 and 2024, is disclosed in the following documents and is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dwhl1950.com):

- (i) annual report of the Company for the year ended 31 December 2022
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101899.pdf>);
- (ii) annual report of the Company for the year ended 31 December 2023
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001502.pdf>); and
- (iii) annual report of the Company for the year ended 31 December 2024
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043003388.pdf>)
- (iv) interim report for the six months ended 30 June 2025
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0930/2025093000976.pdf>)

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2025, being the latest practicable date for the sole purpose of this statement of indebtedness prior to the date of this circular, the Group had outstanding bank borrowings comprising the following:

	As at 30 November 2025 <i>RMB'000</i>
Short-term interest-bearing bank borrowings:	
– Unsecured	27,000
– Secured (<i>Note</i>)	<u>30,000</u>
	 <u>57,000</u>

Note: As at 30 November 2025, the bank borrowings are secured by the pledge of certain right-of-use assets of the Group. No bank borrowings are guaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, finance leases, hire purchase commitment, or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 30 November 2025.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2024 (being the date on which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. WORKING CAPITAL

After taking into account the present internal financial resources available to the Group, including cash and bank balances, the available banking facility as well as the financial effect of the Disposal, the Directors are of the opinion that the working capital available to the Group is sufficient for the Group's requirement for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has engaged in the research and development, manufacturing and sale of coating agents and synthetic resins and manufacturing and sale of Chinese liquor products.

For the year ended 31 December 2024 ("FY2024"), the revenue of the Group was approximately RMB566,475,000 (FY2023: RMB570,572,000), representing a slight decrease of approximately RMB4,097,000 or 0.72% as compared to the year ended 31 December 2023 ("FY2023"). For FY2024, the Group recorded net profit of approximately RMB30,015,000 as compared to the net profit of approximately RMB24,874,000 for FY2023.

During the year, the Group continues to strive in its businesses, which include the research, manufacturing, and sales of coating agents and synthetic resins (the "**Faux Leather Chemicals Business**") as well as the production and sale of Chinese liquor products (the "**Chinese Liquor Business**"). Throughout the reporting period, the domestic economy of Mainland China is likely to see steady growth, driven by both domestic demand and exports. However, global trade tensions and shifts in supply chains may impact certain industries. Despite these challenges, the Faux Leather Chemicals Business remained stable during the year due to our increased efforts in sales and marketing activities. Simultaneously, the Chinese Liquor Business has continued to experience growth, with customers welcoming our Chinese baijiu products, which seem to have sustainable demand. This business has become a significant contributor to the Group's revenue.

The Group is experiencing energetic growth and development across its Chinese Liquor Business. As we look to the future, it is essential for us to pivot our focus from the traditional Faux Leather Chemicals Business to the burgeoning Chinese liquor market, particularly the dynamic Chinese liquor sector. This strategic shift is driven by our recognition of the immense growth potential with evolving consumer preferences and demand within the domestic alcoholic beverage industry. The Chinese baijiu business provides us with an opportunity to enter a market that is not only rich in cultural significance but also has a continuously growing demand, making it a focus for our business development. To facilitate this shift of business focus, the Group will undertake several key initiatives through constant Chinese liquor market research and product development, seeking strategic partnerships with e-commerce platforms to maintain sustainable growth and elevate our brand position in the Chinese liquor industry. Also, the Company has been actively exploring new opportunities and possibilities, which aims to promote return to shareholders including but not limited to various potential markets and products involving traditional Faux Leather Chemicals.

In light of the higher profitability recorded in the Chinese Liquor Business in recent years, the Group would like to allocate more resources to this sector. Moreover, the Board is considering converting to an asset-light business structure in the coming years, establishing a synthetic leather chemical product trading business alongside its manufacturing operations. The Second Disposal serves as a valuable opportunity for the Group to replenish its working capital and focus on the development of the synthetic leather chemical product trading business.

Due to increasingly stringent environmental and safety production requirements in the faux leather chemical industry, along with rising labor costs, manufacturing production and related management costs have been steadily increasing. Currently, the growth of the faux leather chemical manufacturing business has stagnated, and profit margins have declined.

At the same time, due to the impact of the tariff war, the Company's downstream customers face restrictions on exports to the European and American markets, leading some clients to relocate their production capacity to Southeast Asia, necessitating supportive trading services.

To address this, the Company plans to allocate resources to the synthetic leather chemical product trading business to transition to a light-asset trading service model, leveraging existing customer resources to provide suitable chemical products. In October 2025, the Company established a subsidiary specializing in the sale of synthetic leather chemical products, and relevant qualifications and licenses, including but not limited to the hazardous chemicals handling license, were obtained in December 2025. Sales of synthetic leather chemical products are expected to commence in January 2026, with an anticipated annual sales revenue of RMB30 to 50 million. Mr. Chen Hua, the executive Director, is in charge of management of synthetic leather chemical product trading business, while the chief engineer and sales experts are responsible for operations. Currently, there are approximately 10 management personnel involved in the synthetic leather chemical product trading business. It is projected that a sales and technical support team of 30 personnel will be required in one year.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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's interests in the Shares, underlying Shares and debentures of the Company**

As at the Latest Practicable Date, the interests and short positions of 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 had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules (the "Model Code"), are set out as follows:

Name	Capacity/ Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Mr. Chen Hua	Interest in controlled corporation and interest of spouse <small>(Note 1-2)</small>	6,000,800	Long position	0.83%
Mr. Huang Zhenming	Beneficial Owner	4,000,000	Long position	0.56%

Notes:

(1) As at the Latest Practicable Date, Sunlight Global Investment Limited (“**Sunlight Global**”) and Lilian Global Investment Limited (“**Lilian Global**”) held approximately 0.50% and approximately 0.33%, respectively, of the total issued share capital of the Company. Sunlight Global is owned as to 61.20% by Mr. Chen Hua, 13.24% by Ms. Zhu Jianqin, 13.24% by Mr. Li Xiangyu, 9.24% by Mr. He Zhangcai, 2.14% by Mr. Chen Yong, 0.54% by Mr. Cai Jianming and 0.40% by Mr. Zhao Xuesheng. Lilian Global is wholly-owned by Ms. Liu Jing. Ms. Liu is therefore deemed to be interested in the Shares in which Lilian Global is interested under the SFO. Mr. Chen Hua, Ms. Liu Jing, Ms. Zhu Jianqin, Mr. Li Xiangyu, Mr. He Zhangcai, Mr. Zhao Xuesheng, Mr. Cai Jianming and Mr. Chen Yong are entitled to exercise or control the exercise of approximately 0.83% of the voting power at general meetings of our Company through exercising or controlling the exercise of the entire voting power at general meetings of Sunlight Global and Lilian Global, and therefore they are deemed to be interested in the Shares in which Sunlight Global and Lilian Global are interested under the SFO.

(2) Mr. Chen Hua and Ms. Liu Jing are spouses to each other. Therefore, each of them is deemed to be interested in the Shares in which he or she is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be maintained pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interests in the Shares and underlying Shares

To the knowledge of the Directors of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) have the following interests and short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register referred to therein.

Name	Capacity/ Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Ms. Zheng Xiuyue	Beneficial Owner	52,000,000	Long position	7.22%

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other person (other than the Directors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

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

5. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

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

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding and including the Latest Practicable Date and were or might be material:

- (i) the First Sale and Purchase Agreement; and
- (ii) the Second Sale and Purchase Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any 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 Company were made up.

9. EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Peak Vision Appraisals Limited	Independent Valuer

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

The expert as set out above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report and/or references to its name and logo in the form and context in which it appears in this circular.

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation herein.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on (i) the website of the Company (www.dwhl1950.com); and (ii) the website of the Stock Exchange (www.hkex.com) for a period of not less than 14 days from the date of this circular:

- (i) the valuation report as set out in Appendix I to this circular;
- (ii) the material contracts referred to in the paragraph headed “7. Material Contracts” in this Appendix; and
- (iii) the written consent referred to in the paragraph headed “9. Expert” in this Appendix.

11. MISCELLANEOUS

- (i) The registered office of the Company is situated at Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.
- (ii) The head office and principal place of business of the Company is situated at No.2, Jiangshan Road, Meicheng Town, Jiande County, Hangzhou City, Zhejiang Province, PRC.
- (iii) The joint company secretaries of the Company are Mr. Lam Kam Kong Nathaniel and Mr. Wong Ka Sing. Mr. Lam Kam Kong Nathaniel is an Associate Member of CPA (Australia). He is also a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute. Mr. Wong Ka Sing is currently a member of the Hong Kong Institute of Certified Public Accountants and is also a licensed person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity.
- (iv) The Company’s principal share registrar and transfer office is Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The Company’s Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

NOTICE OF EXTRAORDINARY GENERAL MEETING

DIWANG INDUSTRIAL HOLDINGS LIMITED

帝王實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1950)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Diwang Industrial Holdings Limited (the “Company”) will be held at Room 3302, 33/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 27 February 2026 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the sale and purchase agreement dated 11 November 2025 (the “Agreement”), entered into between the Company as vendor, BlueOcean Investment (Global) Ltd. as purchaser, in relation to, among other things, the sale and purchase of 12,000 issued shares of Darkblue Investment Ltd. (the “Target Company”), representing 24% of the issued share capital of the Target Company, for a total consideration of RMB29,860,000, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified (a copy of the Agreement marked “A” is produced to the EGM and signed by the chairman of the EGM for identification purpose); and
- (b) any director of the Company (the “Director”) be and is hereby authorized to do all such acts and things and sign, agree, ratify and/or execute all such documents or instruments under hand (or where required, affix the common seal of the Company) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Agreement as they may in his/her discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole.”

By order of the Board
Diwang Industrial Holdings Limited
Lam Kam Kong Nathaniel
Executive Director and Joint Company Secretary

Hong Kong, 30 January 2026

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. An eligible shareholder of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy does not need to be a shareholder of the Company.
2. In the case of joint registered holders of any share of the Company, any one of such persons may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) 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 relevant joint holding.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof).
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM (or any adjournment thereof) should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from Tuesday, 24 February 2026 to Friday, 27 February 2026 (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 properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's 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, 23 February 2026.
6. The resolution set out in this notice will be decided by poll at the EGM.