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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 TRANSACTION

SECOND DISPOSAL OF 24% INTEREST IN A SUBSIDIARY

THE SECOND DISPOSAL

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 Purchase Price of RMB29,860,000 shall be paid by installments in cash. For the basis of determination of the Purchase Price, please refer to the section headed “Consideration and the basis thereof” in this announcement.

Reference is made to the announcement of the Company dated 27 December 2024 (“**Previous Announcement**”), the Company, as the Vendor, has entered into the First Sale and Purchase Agreement with the Purchaser in respect of the First Disposal for a disposal of 25% interest in the Target Company.

As at the date of this announcement, 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 Completion and its financial results will continue to be consolidated with the results of the Group. As the effect of the Second Disposal (upon 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.

LISTING RULES IMPLICATIONS

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 by the Company 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.

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.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates has a material interest in the Second Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the EGM to approve the Second Disposal. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Second Disposal, the Second Sale and Purchase Agreement and the transactions contemplated thereunder. The voting in respect of the Second Disposal at the EGM will be conducted by way of poll.

A circular containing, among others, (i) details of the Second Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) valuation report of Zhejiang Sunlight; (iii) other information as required under the Listing Rules; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 2 December 2025 in accordance with the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 November 2025 (after trading hours), the Vendor and the Purchaser 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 SECOND SALE AND PURCHASE AGREEMENT

The principal terms of the Second Sale and Purchase Agreement are set out below:

Date 11 November 2025 (after trading hours)

Parties (1) the Company, as the Vendor; and
(2) the Purchaser.

As at the date of this announcement, 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 date of this announcement, 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.

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 The Purchase Price of RMB29,860,000 shall be payable in cash in accordance with the following manners:

- (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.

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.

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.

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.

Financial Effect of the Second Disposal

As at the date of this announcement, 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 for the repayment of indebtedness of the Group, the investment in new potential business opportunities and the general working capital purposes and its future capital needs for its business.

VALUATION

Valuation Approach and Methodology

In the process of valuing Zhejiang Sunlight, the Valuer has considered the nature of Zhejiang Sunlight, specialty of its operations, its current condition, and the industry it is participating. Having considered the three general valuation approaches, the Valuer considers that the Market Approach would be appropriate and reasonable in the valuation of the market value of Zhejiang Sunlight.

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 Zhejiang Sunlight was relatively volatile over the years. Therefore, preparing the financial projections of Zhejiang Sunlight involves subjective judgement and uncertainties. In contrast, the Market Approach is better suited to capturing market sentiment and producing a less biased valuation of Zhejiang Sunlight as it requires fewer subjective inputs.

The Asset Approach is not applied as the valuation of Zhejiang Sunlight 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 Zhejiang Sunlight. The Valuer has therefore solely relied on the Market Approach in determining the opinion of value.

Under the Market Approach, the Valuer has 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 Zhejiang Sunlight 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 Zhejiang Sunlight, the Valuer has 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. The Valuer considers 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.

Valuation Assumptions

The following assumptions were adopted in the valuation:

- (i) for Zhejiang Sunlight to continue as a going concern, Zhejiang Sunlight will successfully carry out all necessary activities for the development of its business;
- (ii) key management, competent personnel, professional and technical staff will all be retained to support the ongoing operations of Zhejiang Sunlight;
- (iii) the availability of finance will not be a constraint on the forecast growth of Zhejiang Sunlight’s operations in accordance with the business plans;
- (iv) market trends and conditions where Zhejiang Sunlight operates will not deviate significantly from the economic forecasts in general;
- (v) the financial information of Zhejiang Sunlight as supplied to the Valuer has been prepared in a manner which truly and accurately reflects the financial performances and positions of Zhejiang Sunlight as at the respective financial statement dates;
- (vi) there will be no material changes in the business strategy of Zhejiang Sunlight and its operating structure;

- (vii) interest rates and exchange rates in the localities for the operations of Zhejiang Sunlight will not differ materially from those presently prevailing;
- (viii) 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 Zhejiang Sunlight operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- (ix) there will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which Zhejiang Sunlight operates or intends to operate, which would adversely affect the revenues and profits attributable to Zhejiang Sunlight.

Guideline Public Companies

In the course of the valuation, the Valuer has identified a total of 7 guideline public companies for the analysis. Since Zhejiang Sunlight 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 the Valuer identified are also engaged in the businesses of chemical products for faux leather or coloring or coating products (i.e. core products of Zhejiang Sunlight), and therefore the Valuer considers they are subject to similar business, industry and economic risks and rewards as Zhejiang Sunlight. 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 cap of the group of smallest companies by market capitalization as per studies published by Kroll Cost of Capital Navigator. For the valuation as at the Valuation Date, the Valuer has maintained the original market capitalization screening threshold of below USD 212.64 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 Zhejiang Sunlight's valuation.*

The details of the 7 guideline public companies selected are set out below:

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 (R&D), 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 71% 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.

Stock Code	Company Name	Market capitalization (as at the Valuation Date) (RMB’000)	Total equity attributable to the owners of the company (RMB’000)	Revenue (RMB’000)	Normalised earnings before interest and taxes (RMB’000)
0408.HK	Yip’s Chemical Holdings Ltd	960,321	3,584,271 ⁽¹⁾	2,777,020 ⁽¹⁾	50,746 ⁽¹⁾
0609.HK	Tiande Chemical Holdings Ltd	1,221,269	2,425,517 ⁽¹⁾	1,818,337 ⁽¹⁾	25,303 ⁽¹⁾
1986.HK	Tsaker New Energy Tech Co Ltd	682,270	1,753,367 ⁽¹⁾	2,085,460 ⁽¹⁾	39,599 ⁽¹⁾
8139.HK	Zhejiang ChangAn Renheng Technology Co Ltd	56,198	115,682 ⁽¹⁾	201,763 ⁽¹⁾	4,043 ⁽¹⁾
002748.SZ	Jiangxi Selon Industrial Co Ltd	2,361,467	1,373,519 ⁽¹⁾	2,030,365 ⁽¹⁾	90,943 ⁽¹⁾
300535.SZ	Sichuan Dowell Science and Technology Inc	2,057,137	933,872 ⁽¹⁾	738,133 ⁽¹⁾	23,255 ⁽¹⁾
688350.SS	Jiangsu Feymer Technology Co Ltd	2,761,820	1,427,161 ⁽¹⁾	1,521,233 ⁽¹⁾	995 ⁽¹⁾

Notes:

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

The above guideline public companies, together with Zhejiang Sunlight, are subject to similar fluctuations in the economy and performance of the chemicals manufacturing industry, among other factors. Thus, the Valuer considers they are confronted with similar risks and rewards.

Multiple Ratios

The multiples are presented as follows:

Stock Code	Company Name	EV/S Ratio	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

Stock Code	Company Name	EV/EBIT Ratio	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 ⁽¹⁾
	Mean		44.80
	Median		32.67
	Standard deviation		28.67
	Applied ratio		32.67

Stock Code	Company Name	P/B Ratio	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⁾ Extreme (2 standard deviation from mean) or negative outliers are excluded

⁽²⁾ Figures above are subject to rounding

Based on the above, the adopted EV/S ratio 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 ratio 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.

The Valuer has then adopted the median as the multiples as median is not influenced by extreme values. The Valuer has then applied the multiples to the corresponding measurement bases, which is based on the latest available financial information of Zhejiang Sunlight.

Multiplication Factors

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

(RMB'000)

Revenue

Revenue ⁽¹⁾	246,938
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Normalised EBIT

Net profit/(loss) ⁽¹⁾	382
Add: Taxation ⁽¹⁾	1,818
Add: One-off income/expenses and non-operating items (including impairment of assets) ⁽¹⁾	2,476
Add: Finance costs ⁽¹⁾	1,664
Normalised EBIT⁽¹⁾	6,340

Equity Attributable to Owners of Zhejiang Sunlight

Equity attributable to owners of Zhejiang Sunlight as at the Valuation Date	263,504
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Note:

(1) Trailing twelve months ended on the Valuation Date

Lack of Marketability Discount

The Valuer has 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).

Cash and Debts

In computing the market value of Zhejiang Sunlight, the Valuer has adjusted the assessed enterprise value for the cash and debts of Zhejiang Sunlight wherever appropriate, as at the Valuation Date. Based on the financial information provided by the Management, the cash and debts as at the Valuation Date were as follows:

	<i>(RMB'000)</i>
Cash	13,317
Debts	62,000

* *Figures above are subject to rounding*

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 on the Valuation Date of approximately RMB246,938,000 of Zhejiang Sunlight and adjusting for lack of marketability discount and cash and debts, the indicative value under the EV/S ratio as at the Valuation Date was approximately RMB151,450,000. The calculation is tabulated as follows:

	<i>(RMB)</i>
Applied EV/S ratio	1.02x
Multiplication factor (revenue for the trailing twelve months ended on the Valuation Date)	<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 Zhejiang Sunlight (Non-controlling basis) under EV/S ratio	151,450,000

* *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 on the Valuation Date of approximately RMB6,340,000 of Zhejiang Sunlight and adjusting for lack of marketability and cash and debts, the indicative value under the EV/EBIT ratio as at the Valuation Date was approximately RMB116,192,000. The calculation is tabulated as follows:

	<i>(RMB)</i>
Applied EV/EBIT ratio	32.67x
Multiplication factor (normalised EBIT for the trailing twelve months ended on the Valuation Date)	<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 Zhejiang Sunlight (Non-controlling basis) under EV/EBIT ratio	116,192,000

* *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 Zhejiang Sunlight of approximately RMB263,504,000 as at the Valuation Date of Zhejiang Sunlight and adjusting for lack of marketability, the indicative value under the P/B ratio as at the Valuation Date was approximately RMB105,611,000. The calculation is tabulated as follows:

	<i>(RMB)</i>
Applied P/B ratio	0.50x
Multiplication factor (equity attributable to owners of Zhejiang Sunlight)	<u>263,504,000</u>
	132,677,000
Adjustment:	
Less: Lack of marketability discount	<u>(27,066,000)</u>
Indicative Value of 100% Equity Interest of Zhejiang Sunlight (Non-controlling basis) under P/B ratio	105,611,000

* *Figures above are subject to rounding*

By taking simple average of the indicative values above, the Valuer is of the opinion that the market value of 100% equity interest (non-controlling basis) of Zhejiang Sunlight as at the Valuation Date was in the sum of RMB124,417,000.

Based on the analysis stated above and applying 24% equity interest in Zhejiang Sunlight, the Valuer is of the opinion that the market value of 24% equity interest of Zhejiang Sunlight as at the Valuation Date was in the sum of RMB29,860,000.

* *Figures above are subject to rounding*

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 date of this announcement. 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> <i>Approximately</i> <i>RMB'000</i>	For the financial year ended 31 December 2024 <i>(audited)</i> <i>Approximately</i> <i>RMB'000</i>	For the nine months ended 30 September 2025 <i>(unaudited)</i> <i>Approximately</i> <i>RMB'000</i>
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 date of this announcement, 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 date of this announcement, 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.

As at the date of this announcement, 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; and (ii) offer an opportunity for the Group to dispose of part of its interest in the Target Company to better utilize its management and financial resources, maintain its current operations in various business and generate immediate cash inflow to the Group. 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" in this announcement, 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

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.

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.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates has a material interest in the Second Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the EGM to approve the Second Disposal. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Second Disposal, the Second Sale and Purchase Agreement and the transactions contemplated thereunder. The voting in respect of the Second Disposal at the EGM will be conducted by way of poll.

A circular containing, among others, (i) details of the Second Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) valuation report of Zhejiang Sunlight; (iii) other information as required under the Listing Rules; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 2 December 2025 in accordance with the Listing Rules.

GENERAL

As the Second Disposal is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent, the Second Disposal may or may not proceed to the Completion. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“Board”	the board of Directors
“Company” or “Vendor”	Diwang Industrial Holdings Limited, a company 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)
“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 convened 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 as disclosed in the Previous Announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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 date of this announcement based on publicly available information
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau for the purpose of this announcement
“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 Vendor and the Purchaser in relation to the Second Disposal
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 as at the date of this announcement
“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 as at the date of this announcement

“0%”

per cent

By order of the Board

Diwang Industrial Holdings Limited

Lam Kam Kong Nathaniel

Executive Director and Joint Company Secretary

Hong Kong, 11 November 2025

As at the date hereof, the Board comprises Mr. Chen Hua, Mr. Lam Kam Kong Nathaniel, Mr. Sun Jingang and Mr. Zhong Wenlong as executive Directors; Mr. Au Hei Ching, Mr. Lee Cheung Yuet Horace, Mr. Huang Zhenming and Ms. Zhou Xiaochun as independent non-executive Directors.