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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)

INSIDE INFORMATION PLACING OF BONDS

Placing Agent



PLACING OF BONDS

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

On 11 November 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to act as placing agent, on a best effort basis, for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$250,000,000 during the Placing Period.

Completion of the Bond Placing is subject to the prevailing market conditions. As the Bond Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

INTRODUCTION

On 11 November 2022 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to procure, on a best effort basis, the Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$250,000,000 during the Placing Period. The principal terms of the Placing Agreement are summarised as follows:

THE PLACING AGREEMENT

Date	:	11 November 2022 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	CNI Securities Group Limited
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
Placees	:	The Bonds will be placed to any professional, individual, corporate, institutional or other investors who are Independent Third Parties.
Aggregate principal amount	:	Up to HK\$250,000,000
Placing Period	:	The period commencing from the date of the Placing Agreement and ending on the date falling six months after the date of the Placing Agreement (or such other longer period as may be agreed between the Company and the Placing Agent in writing).
Placing Price	:	100% of the principal amount of the Bonds.
Placing commission	:	The Placing Agent shall receive a placing commission equal to 0.5% of the aggregate principal amount of the Bonds successfully placed by the Placing Agent pursuant to the Placing Agreement.
Conditions precedent	:	The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions:

- (a) the Company having performed all its obligations under the Placing Agreement to be performed on or before the respective closing date, and the representations and warranties of the Company being accurate in all material respects on the respective closing date; and
- (b) the Company having the necessary internal approval to issue the Bonds and the Company having complied with the Placing Agreement and the bond instrument and all relevant laws and directives and all consents and approvals of any court, governmental department or other regulatory body that are required for the Bonds to be issued and for the performance of their terms, having been obtained.

The Placing Agent may at any time waive the above conditions by written notice to the Company.

Closing : Each closing of the Bond Placing shall take place on the third Business Day after the giving of written notice by the Placing Agent to the Company of the amount of the Bonds subscribed by the Placee(s) or such other date as the Company and the Placing Agent may agree.

Termination rights of the Placing Agent : The Placing Agent may terminate the arrangements set out in the Placing Agreement by notice in writing at any time prior to the expiry date of the Placing Period if, in its reasonable opinion:

- (a) if there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Placing Agreement or any failure to perform any of the Company's undertakings or agreements in the Placing Agreement; or
- (b) if any of the conditions specified in the Placing Agreement has not been satisfied or waived by the Placing Agent on or prior to the expiry of the Placing Period; or

- (c) if in the reasonable opinion of the Placing Agent, there shall have been, since the date of the Placing Agreement, any change, or any development involving a prospective change, in the international or local regulatory, fiscal or economic conditions (including but not limited to any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the bond issue programme and/or make it impracticable or impossible to complete the Bond Placing or deliver the Bonds to the Places in accordance with the terms of the Placing Agreement and the bond instrument; or
- (d) there is or will be any event or development of any event which is materially adverse to the general affairs, management, business, financial, trading or prospects of the Company or any event of force majeure events beyond the control of the Placing Agent affecting the PRC or Hong Kong which will likely to have a material adverse effect on the completion of the Bond Placing; or
- (e) there is or will be implementation of any new law or change in existing laws or any change in the interpretation or application thereof by any court or other competent authority in the PRC or Hong Kong which materially affects the performance or implementation of the bond issue programme.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid events, all obligations of the Placing Agent and the Company under the Placing Agreement shall cease and terminate and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches under the Placing Agreement.

PRINCIPAL TERMS OF THE BONDS

Principal terms of the Bonds are summarised as follows:

- Aggregate principal amount : Up to HK\$250,000,000
- Maturity Date : The date falling on the fifth anniversary of the date of issue of each of the Bonds.
- Interest : 8% per annum (calculated on the basis of a 365-day year), accrued from and including the date of issue of the Bonds to and including the date immediately preceding the Maturity Date and shall be payable annually in arrears on 31 December in each year
- Default interest : If the Company fails to pay any sum payable by it under the Bonds on its due date, interest shall accrue on the overdue sum at an interest rate of 10% per annum (calculated on the basis of a 365-day year).
- Denomination : HK\$250,000 each in minimum and in the integral multiples of HK\$250,000
- Status : The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The Bonds will rank pari passu with unsecured obligations of the Company.
- Transferability : The Bond(s) may be transferred in the amount of HK\$250,000 or in whole multiples of HK\$250,000. Save with the consent of the Stock Exchange, none of the Bonds may be transferred to a connected person (as defined in the Listing Rules) of the Company.
- Early redemption : The Bondholders may not redeem the Bonds (in whole or in part) before the Maturity Date. The Company may at any time after the first anniversary of the issue date of each Bond redeem any and all of the Bonds, in whole or in part, at the outstanding principal amount of such Bond together with all interest accrued up to the date of such early redemption.

- Event of default : If any of the events of default as described in the terms and conditions of the Bonds occurs, a Bondholder may give written notice to the Company that the Bonds together with accrued and unpaid interest have become immediately due and payable by the Company.
- Listing : No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange.

REASONS FOR BOND PLACING AND USE OF PROCEEDS

The Group is an established faux leather chemicals manufacturer in the PRC principally engaged in the research and development, manufacturing and sale of coating agents and synthetic resins under our own brand. The Group has also commenced the Chinese liquor business.

Assuming the Bonds are placed in full, the maximum gross proceeds from the Bond Placing will be HK\$250,000,000. The net proceeds from the Bond Placing after deducting the placing commission and other related costs and expenses are estimated to be approximately HK\$248,590,000. The Company intends to apply the net proceeds from the Bond Placing as working capital for daily operation and for business development of the Group's Chinese liquor business.

The Bond Placing will not dilute any shareholding of the Shareholders. The Directors are of the view that the Bond Placing will strengthen the Company's financial position to cope with the business development of the Group and the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion of the Bond Placing is subject to the prevailing market conditions. As the Bond Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

- “associate(s)” has the meaning ascribed to it in the Listing Rules
- “Board” the board of Directors
- “Bondholder(s)” holder(s) of the Bonds

“Bonds”	8% fixed coupon, unsecured, unlisted and non-convertible bonds due on the fifth anniversary of the issue date of the Bonds to be issued by the Company in the aggregate principal amount of up to HK\$250,000,000 (each of which is referred to as a “Bond”)
“Bond Placing”	the placing of the Bonds by the Placing Agent on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“Company”	Diwang Industrial Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands, the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party which/who is not a connected person of the Company and is independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the fifth anniversary of the issue date of each Bond
“Placee(s)”	Any professionals, individuals, corporate, institutional or other investors who are Independent Third Parties procured by the Placing Agent to subscribe for the Bonds pursuant to the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO

“Placing Agreement”	the placing agreement dated 11 November 2022 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Bond Placing
“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the date falling six months after the date of the Placing Agreement, (or such other longer period as may be agreed between the Company and the Placing Agent in writing
“PRC”	the People’s Republic of China which for the purpose of the Placing Agreement, shall exclude Hong Kong, Macao Special Administrative Region and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary shares of US\$0.0005 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Diwang Industrial Holdings Limited
Gu Jianguo
Executive Director

Hong Kong, 11 November 2022

As at the date hereof, the Board comprises Mr. Chen Hua, Ms. Zhu Jianqin, Mr. Gu Jianguo, Mr. Lam Kam Kong Nathaniel, Mr. Tse Chun Chung and Mr. Sun Jingang as executive Directors; Mr. Au Hei Ching, Mr. Ho Ho Tung Armen, Mr. Lee Cheung Yuet Horace, Mr. Zheng Yu and Ms. Zhou Xiaochun as independent non-executive Directors.