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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)**

## **VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE IN RESPECT OF STRATEGIC COOPERATION AGREEMENT**

This announcement is made by Diwang Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 14 August 2023, Fujian Wangchidi Sauce And Wine Company Limited\* (福建王池帝醬酒業有限公司) (“**Fujian Wangchidi**”), being an indirect wholly owned subsidiary of the Company, has entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with Guizhou Huaxing Wine Marketing (Group) Co., Ltd.\* (貴州華星酒業營銷(集團)有限公司) (“**Guizhou Huaxing**”), a company incorporated in the People’s Republic of China (the “**PRC**”), pursuant to which the parties (or their designated subsidiaries) have formulated a 10-year cooperation plan in respect of the Maotai-flavour liquor series products of the Group to promote the research and development, manufacturing, sales and market expansion of such products.

### **STRATEGIC COOPERATION AGREEMENT**

The Strategic Cooperation Agreement shall be valid for 10 years. The main contents are as follows:

- I. Fujian Wangchidi arranges the production plan of its Dihuangchi (帝皇池) and Dilongchi (帝龍池) series products under sale at the current stage in Guizhou Huaxing factory for production. Guizhou Huaxing provides the existing factory with production process, technology, plant and equipment;
- II. Fujian Wangchidi will set up a centralised office area of 2,000 sq.m. within the Guizhou Huaxing factory;

- III. Fujian Wangchidi will invest in the improvement and transformation of the environment in the production line within the Guizhou Huaxing factory in the future, and inject elements of the Company's products to enhance the confidence of visiting customers in product sales and promote sales;
- IV. Fujian Wangchidi will bear expenses for product advertising, promotion and publicity, which will be used as, including but not limited to advertising expenses, product promotion expenses, and used in various celebration activities including the sealing series of activities;
- V. Guizhou Huaxing will provide approximately 1,000 tonnes of storage facilities for use by Fujian Wangchidi; and
- VI. Guizhou Huaxing has agreed to provide three-year Kunsha liquor base with a value of approximately RMB200,000,000 on an annual basis to Fujian Wangchidi for the production purpose, and the consideration payment for the liquor base shall be negotiated separately by both parties.

## **INFORMATION ON GUIZHOU HUAXING**

Based on the information provided by Guizhou Huaxing, Guizhou Huaxing is located in Maotai County, the liquor capital of the PRC, and immerses itself in the natural resources and environment of the core area of Maotai-flavour liquor in the PRC. The factory of Guizhou Huaxing and its holding group companies covers an area of more than 200 mu, and has more than 1,000 employees, with an annual output of 5,000 tonnes of Maotai-flavour liquor, and a storage capacity of liquor base of more than 20,000 tonnes. It is a comprehensive conglomerate that integrates the manufacturing, storage, packaging, sales, research and development, and investment of Maotai-flavour liquor and integrated alcoholic beverages. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Guizhou Huaxing and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of faux leather chemicals and Chinese liquor.

The Directors have been actively seeking opportunities to expand the business scope and broaden the income stream of the Group. As a Hong Kong listed company, the Company has the advantage of promoting and introducing Maotai-flavour liquor series products of the Company to Hong Kong and overseas markets. On the other hand, Guizhou Huaxing has experience and expertise in the sales and manufacturing of the Chinese liquor.

The Board considers that entering into the Strategic Cooperation Agreement provides a good business opportunity for the Group to expand the Chinese liquor business in the other districts in the PRC. The Directors are of the view that entering into the Strategic Cooperation Agreement will enhance the future profitability of the Group.

## **GENERAL**

The Strategic Cooperation Agreement is a master framework agreement setting out the framework of the cooperation between Fujian Wangchidi and Guizhou Hauxing. The Group may enter into separate and definitive agreements from time to time with Guizhou Hauxing to implement detailed cooperation terms with Guizhou Hauxing under the Strategic Cooperation Agreement. Further announcement(s) will be made by the Company in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when appropriate.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Diwang Industrial Holdings Limited**  
**Sun Jingang**  
*Executive Director*

Hong Kong, 4 September 2023

*As at the date hereof, the Board comprises Mr. Chen Hua, Mr. Lam Kam Kong Nathaniel, Mr. Sun Jingang and Mr. Tse Chun Chung 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 nonexecutive Directors.*