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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 – ENTERING INTO A MEMORANDUM OF UNDERSTANDING FOR POSSIBLE ACQUISITION

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 10 November 2023 (after trading hours), the Company (the “**Purchaser**”), has entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Shaanxi Huabin Real Estate Co., Ltd.* (陝西華彬置業有限公司) (“**Shaanxi Huabin**” or the “**Vendor**”).

THE MEMORANDUM OF UNDERSTANDING

Date: 10 November 2023 (after trading hours)

Parties: (1) the Purchaser; and
(2) the Vendor.

Target Assets: 15th to 17th floors of Tower A and the 5th floor of Tower B office building (including: 2,580.39 square meters on the 15th floor, 2,287.9 square meters on the 16th floor, and 1,980.2 square meters on the 17th floor square meters of Tower A; 3,804.36 square meters on the 5th floor of Tower B), with a total area of 10,652.85 square meters (60 units) on the four floors and 11 underground parking spaces of Beijing Galaxy SOHO, Chaoyangmen, Dongcheng District, Beijing, the People’s Republic of China (the “**PRC**”).

Pursuant to the MOU, the Purchaser (or the associated company designated by the Purchaser) intends to purchase from the Vendor and the Vendor also intends to sell to the Purchaser all or part of the ownership of the Target Assets (hereinafter referred to as the “**Possible Acquisition**”). The basis and payment method of the consideration are yet to be determined. The basis and detailed payment method of the consideration will be specified in the formal agreement.

The above arrangements are subject to further discussion between the parties, and specific terms and conditions will be specified in the formal agreement and other relevant transaction documents. Both parties agree to negotiate the Possible Acquisition in good faith and will endeavor to formulate and sign a formal agreement and other relevant transaction documents within 30 days after the signing of this MOU.

EXCLUSIVE RIGHTS AND DUE DILIGENCE

The parties agreed that from the date of this MOU to (a) 30 days after the signing of this MOU; or (b) both parties confirm in writing that they will no longer continue to discuss the Possible Acquisition; or (c) any party of this MOU (or its subsidiaries, affiliates) violates the terms of confidentiality of this MOU (whichever is earlier) (hereinafter referred to as the “**Exclusive Period**”): (i) The Vendor shall not negotiate and/or reaches any agreement, arrangement or memorandum of understanding with respect to the Possible Acquisition of the Target Assets with anyone other than the Purchaser (or the contact company designated by the Purchaser); and (ii) both parties shall conduct exclusive negotiations for the Possible Acquisition in good faith.

During the Exclusive Period and under the conditions this MOU, the Purchaser has the right to conduct due diligence on the matters relating to the Target Assets.

INFORMATION ON SHANNXI HUABIN

Based on the information provided by Shannxi Huabin, Shannxi Huabin is a company incorporated in the PRC and it is principally engaged in real estate development, sales of commercial buildings and property management. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Shannxi Huabin and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Target Assets are 15th to 17th floors of Tower A and the 5th floor of Tower B office building (including: 2,580.39 square meters on the 15th floor, 2,287.9 square meters on the 16th floor, and 1,980.2 square meters on the 17th floor square meters of Tower A; 3,804.36 square meters on the 5th floor of Tower B), with a total area of 10,652.85 square meters (60 units) on the four floors and 11 underground parking spaces of Beijing Galaxy SOHO, Chaoyangmen, Dongcheng District, Beijing, the PRC. Beijing Galaxy SOHO is a well-developed property complex with a shopping and commercial mall. The Beijing Galaxy SOHO has a total construction area of more than 330,000 square meters, including 166,000 square meters of office buildings and 86,000 square meters of commercial area. It has developed a network with the surrounding hubs and connecting the facilities nearby and is one of the landmark buildings in the Beijing City, and its unique appearance was designed by Pritzker Prize winner who is a world renowned architect.

REASONS FOR AND BENEFIT OF ENTERING INTO THE MOU

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 Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions. As part of the Group's strategic expansion plans for its Chinese liquor business, we are considering to acquire all or part of the Target Assets in Beijing Galaxy SOHO to further enhance our business operations, improve customer accessibility and maximise our sales potential.

The Board considers that entering into the MOU provides a good investment opportunity for the Group and to enhance our asset portfolio in the PRC. The Directors are of the view that entering into the MOU will enhance the future profitability of the Group by i) raising our brand awareness in the public aligning with the landmark commercial building of the capital of China, Beijing Galaxy SOHO; ii) expanding our existing customer segmentation coverage for business class and commercial use in Beijing.

GENERAL

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materializes, it may constitute a notifiable transaction on the part of the Company pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). In addition, the Company will make further announcements in accordance with the Listing Rules in due course.

Shareholders and investors are urged to exercise caution when dealing in securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any formal agreement has been signed.

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

Hong Kong, 10 November 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. Lee Cheung Yuet Horace, Mr. Zheng Yu and Ms. Zhou Xiaochun as independent non-executive Directors.