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Dynasty Fine Wines Group Limited

王朝酒業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00828)

ISSUE OF SHARES UNDER GENERAL MANDATE

Placing Agent



ISSUE OF SHARES UNDER GENERAL MANDATE

On 21 June 2023 (after trading hours), the Company entered into the Subscription Agreements with each of the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 160,205,886 Subscription Shares at the Subscription Price of HK\$0.2475 per Subscription Share for an aggregate consideration of approximately HK\$39,650,957.

Assuming all the 160,205,886 Subscription Shares are successfully subscribed, the Subscription Shares represent approximately 12.83% of the existing issued share capital of the Company as at the date of this announcement and approximately 11.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date).

The Subscription Price of HK\$0.2475 per Subscription Share represents (i) a discount of approximately 10% to the closing price of HK\$0.275 per Share as quote on the Stock Exchange on 21 June 2023, being the date of the Subscription Agreements; (ii) a discount of approximately 0.2% to the average closing price of HK\$0.248 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 June 2023, being the trading day immediately preceding the date of the Subscription Agreements.

On 21 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in respect of the Subscriptions. Pursuant to the Placing Agreement, the Placing Agent has agreed to assist in completing the transactions contemplated under the Subscription Agreements. The Company has agreed to pay the fees for the abovementioned services to the Placing Agent after the completion of the Subscriptions.

Assuming all the 160,205,886 Subscription Shares are successfully subscribed, the gross proceeds from the Subscriptions will be approximately HK\$39.7 million and the net proceeds from the Subscriptions, after deduction of the placing agent fee and other related expenses of the Subscriptions, will be approximately HK\$37.9 million. The Company intends to use the proceeds (i) to develop a new winery in Ningxia Hui Autonomous Region, the PRC and (ii) for promotion and marketing at the core markets of the Company and other general corporate purposes.

The Subscriptions may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 21 June 2023 (after trading hours), the Company entered into (i) the Subscription Agreements with each of the Subscribers and (ii) the Placing Agreement with the Placing Agent in relation to the Subscriptions. Pursuant to the Subscription Agreements, the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 160,205,886 Subscription Shares at the Subscription Price of HK\$0.2475 per Subscription Share for an aggregate consideration of approximately HK\$39,650,957.

SUBSCRIPTION AGREEMENTS

Each of the Subscription Agreements is on substantially the same terms (other than the number of Subscription Shares) and the principal terms of the Subscription Agreements are set out below:

Date

21 June 2023

Parties, number of Subscription Shares and Consideration

Subscription Agreement	Parties	Number of Subscription Shares	Consideration (approximately HK\$)
Subscription Agreement A	(1) The Company	31,496,161	7,795,300
	(2) Subscriber A		
Subscription Agreement B	(1) The Company	13,314,781	3,295,408
	(2) Subscriber B		
Subscription Agreement C	(1) The Company	115,394,944	28,560,249
	(2) Subscriber C		
	Total	160,205,886	39,650,957

Subscriber A is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings, which is wholly-owned by Tianjin Wangchao Business Management Co., Ltd.* (天津王潮商業管理有限公司), a limited liability company established in the PRC. Tianjin Wangchao Business Management Co., Ltd. is directly owned by Shengshi Jiuyuan (Shenzhen) Import and Export Co., Ltd.* (盛世酒源(深圳)進出口有限公司) (a limited liability company established in the PRC) and Shenzhen Zhenpinhui Trading Co., Ltd.* (深圳珍品薈貿易有限公司) (a limited liability company established in the PRC) as to 99% and 1% respectively, while Shengshi Jiuyuan (Shenzhen) Import and Export Co., Ltd.* is directly owned by Wang Wentao (a Chinese national), Liu Bin (a Chinese national), and Wang Yanzheng (a Chinese national) as to 99%, 0.99%, and 0.01% respectively.

Subscriber B is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings, which is indirectly wholly-owned by Li Hui, being a Chinese national.

Subscriber C is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings, which is indirectly owned by Li Junjie and Hao Mingzhen as to 51.2195% and 48.7805% respectively, both being Chinese nationals.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owners are Independent Third Parties as at the date of this announcement. As at the date of this announcement, each of the Subscribers is not interested in any Shares. It is not expected that any Subscribers will become a substantial shareholder of the Company immediately after the Completion.

Subscription Shares

Assuming all the 160,205,886 Subscription Shares are successfully subscribed, the Subscription Shares represent approximately 12.83% of the existing issued share capital of the Company and approximately 11.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date). Such Subscription Shares will have an aggregate nominal value of approximately HK\$16,020,589.

Subscription Price

The Subscription Price of HK\$0.2475 per Subscription Share represents (i) a discount of approximately 10% to the closing price of HK\$0.275 per Share as quote on the Stock Exchange on 21 June 2023, being the date of the Subscription Agreements; (ii) a discount of approximately 0.2% to the average closing price of HK\$0.248 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 June 2023, being the trading day immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares and the prevailing market conditions. The estimated expenses of the Subscriptions are approximately HK\$1,800,000, including the placing agent fee and other fees, costs, charges and expenses of the Subscriptions. Assuming all the Subscription Shares are successfully subscribed, the net Subscription Price will be approximately HK\$0.2363 per Subscription Share.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions Precedent

Completion under each of the Subscription Agreements is not inter-conditional on Completion of any of the other Subscription Agreements, though they are each conditional upon:

- (a) each party having obtained all their respective internal approvals and consents in relation to the Subscription Agreement and the transactions contemplated thereunder;
- (b) the listing status of the Shares not being revoked such that the Shares shall continue to be traded on the Stock Exchange before the Completion and that neither the Stock Exchange nor the SFC has indicated its dissenting view on the above-mentioned listing status based on the transactions proposed to be conducted under the Subscription Agreements or reasons arising from thereof;
- (c) the Company having obtained all external permission and approval, including but not limited to the approval from relevant state-owned assets supervision and administration authorities or state-funded enterprises (or their authorized enterprises) on the issuance of securities by listed companies controlled by state-owned shareholders, and such permission and approval remaining valid and not being revoked;
- (d) the Subscriber having obtained all external permission and approval, including but not limited to the Notice of Approval for Notice of Filing Overseas Investment Projects (《境外投資項目備案通知書》) issued by the National Development and Reform Commission of the PRC, the Certificate of Overseas Investment of Enterprises (《企業境外投資證書》) issued by the competent commerce departments and the Business Registration Certificate (《業務登記憑證》) issued by the competent foreign exchange departments (or their authorized commercial banks) involved in overseas investment of domestic enterprises, and such permission and approval remaining valid and not being revoked; and
- (e) the Listing Committee of the Stock Exchange granting (either conditional or unconditional) and not having withdrawn or revoked a listing of and permission to deal in the Subscription Shares.

The Conditions Precedent set out above cannot be waived by any parties to the Subscription Agreement. If any of the Conditions Precedent is not fulfilled by 30 September 2023 (or such later date as may be agreed by the Company and the Subscribers in writing), the Subscription Agreement shall lapse and all rights, obligations and liabilities of the parties to each Subscription Agreement shall cease and neither of the parties shall have any claim against the other party in respect of the Subscription, save for any antecedent breach and/or any rights or obligations which may have arisen under the Subscription Agreement prior to such termination.

Termination

The parties are entitled to terminate the Subscription Agreement by notice in writing to each other upon (i) any party being aware of or has reasonable grounds to believe that any representations, warranties and undertakings made by the other party under the Subscription Agreement are untrue, inaccurate, misleading or breached, in each case, in the reasonable opinion of the Subscriber, being material to the Subscription, or (ii) the occurrence of any of the force majeure events set out in the Subscription Agreement at any time between the date of the Subscription Agreement and the date of Completion. The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion

Subject to the fulfillment of the Conditions Precedent, Completion shall take place on the Completion Date. Completion of any of the Subscription Agreement(s) is not inter-conditional upon each other.

Lock up undertaking

Each of the Subscribers has undertaken to the Company that it will not, at any time within 24 months after Completion, directly or indirectly dispose any of the Subscription Shares or announce any intention to enter into or effect any of the abovementioned transactions.

PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

Date

21 June 2023

Parties

- (1) the Company; and
- (2) Guotai Junan Securities (Hong Kong) Limited, as the Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

The Placing Agent has agreed to act as agent for the Company and on a best effort basis, to procure the Subscribers to subscribe for the Subscription Shares at the Subscription Price (together with such brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee to the extent payable by the Subscribers) during the period commencing from the execution of the Placing Agreement and ending on the Completion Date on the terms and conditions set out in the Placing Agreement and the Subscription Agreements and to assist in completing the transactions contemplated under the Subscription Agreements, subject to the provisions under the constitutional documents of the Company.

The fee under the Placing Agreement was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing market conditions and rate charged by other placing agents.

Condition Precedents

Completion under the Placing Agreement is conditional upon:

- (a) the execution of the Subscription Agreements between the Company and each of the Subscribers;
- (b) the Listing Approval having been granted by the Stock Exchange and such Listing Approval not subsequently being revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares;
- (c) approvals, permissions, sanctions, authorizations and filings required for the performance by the Company of its obligations under the Placing Agreement and the matters contemplated by the Placing Agreement has been obtained and are in full force and effect;
- (d) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Placing Completion Date; and
- (e) the Conditions Precedent under each of the Subscription Agreements being fulfilled and continuing to be fulfilled.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorized to issue is 249,640,000 Shares, representing 20% of the number of issued Shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and such allotment and issue will not be subject to the approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in production and sale of wine products.

Assuming all the 160,205,886 Subscription Shares are successfully subscribed, the gross proceeds from the Subscriptions will be approximately HK\$39.7 million and the net proceeds from the Subscriptions, after deduction of the placing agent fee and other related expenses of the Subscriptions, will be approximately HK\$37.9 million. The Company intends to use 50% of the proceeds (approximately HK\$18.9 million) to develop a new winery in Ningxia Hui Autonomous Region, the PRC and 50% of the proceeds (approximately HK\$18.9 million) for promotion and marketing at the core markets of the Company and other general corporate purposes.

The Directors are of the view that the Subscriptions will benefit the Group's long-term development by providing a good opportunity to raise additional funds to strengthen the financial position and to broaden the Company's shareholder base and capital base to expand distribution scale and facilitate the future growth and high-quality development of its business.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Subscription Shares are placed, set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately following Completion (assuming that there will be no other change in the issued share capital of the Company since the date of this announcement) respectively:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
FE Group	558,021,922	44.71%	558,021,922	39.62%
Remy Pacifique Limited	336,528,000	26.96%	336,528,000	23.90%
Sub-total	894,549,922	71.67%	894,549,922	63.52%
Public Shareholders	353,650,078	28.33%	353,650,078	25.11%
Subscriber A	–	–	31,496,161	2.24%
Subscriber B	–	–	13,314,781	0.94%
Subscriber C	–	–	115,394,944	8.19%
Total	1,248,200,000	100%	1,408,405,886	100%

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any other fund raising activity involving the issue of its equity securities within the twelve months immediately prior to the date of this announcement.

The Subscriptions may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AFRC”	the Accounting and Financial Reporting Council of Hong Kong;
“Board”	the board of Directors;
“Business Day”	a day (excluding a Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours;
“Company”	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;
“Completion”	completion of the Subscription(s);
“Completion Date”	the fifth Business Day following the day on which all the Conditions Precedent are satisfied (or such later date as may be agreed between the Company and each of the Subscribers in writing);
“Conditions Precedent”	the conditions precedent to Completion as set out in the section headed “Subscription Agreements – Conditions Precedent” in this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;

“FE Group”	Famous Ever Group Limited and its parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	third parties who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO;
“Placing Agreement”	the placing agreement dated 21 June 2023 and entered into between the Company and the Placing Agent;
“Placing Completion Date”	the 5 Business Day after the date upon which the Listing Approval has been granted but in any event no later than 30 September 2023, or such other date as may be agreed in writing between the Placing Agent and the Company;
“PRC”	the Peoples Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the ordinary shares of HK\$0.1 each in the capital of the Company;
“Shareholders”	holder of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber A”	National Tide Era Holding Limited, a company incorporated in the British Virgin Islands and is principally engaged in investment holdings;
“Subscriber B”	Ekim Limited, a company incorporated in the British Virgin Islands and is principally engaged in investment holdings;
“Subscriber C”	Zengli Investment Group Co. LTD, a company incorporated in the British Virgin Islands and is principally engaged in investment holdings;
“Subscribers”	Subscriber A, Subscriber B and Subscriber C, each a Subscriber;
“Subscription Agreements”	the subscription agreements dated 21 June 2023 and entered into between the Company (as issuer) and Subscriber A, Subscriber B and Subscriber C, respectively, each a Subscription Agreement;
“Subscription Price”	HK\$0.2475 per Subscription Share;
“Subscription Share(s)”	160,205,886 new Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements;
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent

By order of the Board
Dynasty Fine Wines Group Limited
Wan Shoupeng
Chairman

Hong Kong, 21 June 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wan Shoupeng, Mr. He Chongfu and Mr. Huang Manyou, three non-executive Directors, namely, Mr. Heriard-Dubreuil Francois, Mr. Wong Ching Chung and Mr. Robert Luc, and three independent non-executive Directors, namely, Dr. Zhang Guowang, Mr. Yeung Ting Lap Derek Emory and Mr. Sun David Lee.

** The English names are translation of the Chinese names and are included herein for identification purposes only*