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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)**

### **DISCLOSEABLE TRANSACTION DECORATION AND INSTALLATION AGREEMENT**

#### **DECORATION AND INSTALLATION AGREEMENT**

On 26 January 2024 (after Stock Exchange trading hours), Dynasty Ningxia, a wholly-owned subsidiary of the Company, entered into the Decoration and Installation Agreement with the Contractor, pursuant to which the Contractor shall provide decoration and installation services to Dynasty Ningxia for the Tianxia winery (Phase I) and its ancillary premises at the Consideration (being RMB8,883,987.26 (equivalent to approximately HK\$9.76 million)).

#### **IMPLICATIONS UNDER THE LISTING RULES**

Reference is made to the announcement of the Company dated 30 November 2023, pursuant to which the Board announced that Dynasty Ningxia entered into the Construction Agreement with the same Contractor for constructing the main body and its underpass (including the foundation, civil and structural works) as well as roof and eaves works of winery premises at a consideration of RMB29,920,335.75 (equivalent to approximately HK\$32.79 million on 30 November 2023). Pursuant to the Listing Rules, as the Construction Agreement and Decoration and Installation Agreement were entered into between Dynasty Ningxia and the Contractor within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under Decoration and Installation Agreement (as aggregated with the Construction Agreement) exceed 5% but does not exceed 25%, the transactions contemplated under the Decoration and Installation Agreement constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **INTRODUCTION**

The Company announced on 19 December 2023 that a tender process as regards Tianxia winery (Phase I) for the decoration and installation of its winery and ancillary premises was under way.

The Board is pleased to announce that on 26 January 2024 (after Stock Exchange trading hours), Dynasty Ningxia, a wholly-owned subsidiary of the Company, entered into the Decoration and Installation Agreement with the Contractor, pursuant to which the Contractor shall provide decoration and installation services to Dynasty Ningxia for Tianxia winery (Phase I) and its ancillary premises at the Consideration (being RMB8,883,987.26 (equivalent to approximately HK\$9.76 million)).

## **DECORATION AND INSTALLATION AGREEMENT**

The principal terms of the Decoration and Installation Agreement are set out below:

Date : 26 January 2024

Parties : (1) Dynasty Ningxia  
(2) the Contractor

As at the date of this announcement, the Contractor is wholly-owned by China Railway Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange.

As set out in the announcement of the Company dated 30 November 2023 in relation to the Construction Agreement as regards construction of the main body and its underpass as well as roof and eaves works of winery premises of the Group's Tianxia winery (Phase I), the Contractor is a party to the Construction Agreement.

Save that the Constructor is a party to the Construction Agreement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are third parties independent of the Group and its connected person.

Subject matter	:	<p>The Contractor will act as the general contractor responsible for decoration, and water and electricity installation works of winery (Phase I) and its ancillary premises (including civil and installation construction) at the Construction Area situated at the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Wuzhong City, Ningxia Hui Autonomous Region, the PRC (中國寧夏回族自治區吳忠市青銅峽市鴿子山葡萄酒文化旅遊小鎮).</p>
Construction period	:	<p>The construction works are expected to be completed within 280 days after its commencement, which in turn is expected to take place on 15 March 2024, and be completed on 19 December 2024.</p>
Consideration	:	<p>RMB8,883,987.26 (equivalent to approximately HK\$9.76 million).</p> <p>The Decoration and Installation Agreement was awarded to the Contractor through a tender process. The Consideration was arrived at based on the bid price submitted by the Contractor. In determining the Consideration, Dynasty Ningxia has assessed the requisite construction licence held by the Contractor, the experience, capability, financial conditions and reputation of the Contractor, the expected scope, complexity and expected costs of the construction works to be undertaken, and the prevailing market price of the construction works with similar scale and complexity. Payment of the Consideration will be financed by the Group's internal resources and proceeds from placing of new shares of the Company which were issued in July 2023.</p>
Payment terms	:	<p>The Consideration is payable by Dynasty Ningxia in the following manner:</p> <ol style="list-style-type: none"> <li>(1) 30% of the Consideration shall be payable seven days prior to commencement of construction;</li> <li>(2) up to 70% of the Consideration shall be payable after completion of 70% of the construction;</li> <li>(3) up to 80% of the Consideration shall be payable after the completion inspection;</li> </ol>

- (4) up to 97% of the Consideration shall be payable within 14 days after the Completion Settlement (as defined below); and
- (5) the remaining 3% shall be used as warranty payment, which shall be payable after the expiration of the Defects Liability Period (as defined below).

Completion	:	The construction shall be subject to completion inspection, whereby the construction shall be inspected based on the relevant completion standards. Where the construction is certified to have complied with the relevant standards pursuant to the completion inspection, construction completion shall mean the date when the Contractor submits the completion inspection application.
Completion Settlement	:	Upon completion inspection, the Contractor shall deliver a statement of the construction services rendered under the Construction Agreement for verification by Dynasty Ningxia. Thereafter, Dynasty Ningxia shall issue the completion settlement certificate upon inspection by the Supervisor (as defined below).
Defects Liability Period	:	24 months, being calculated from the date the construction passes the completion inspection. During this period, the Contractor shall be liable to carry out any maintenance work.
Warranty period	:	During the warranty period, the Contractor shall be responsible for handling quality problems of the construction works in a timely manner and in accordance with the terms and conditions of the Decoration and Installation Agreement. The warranty period varies depending on the types of construction works.
Supervisor	:	A party authorised by Dynasty Ningxia, shall, in accordance with the legal provisions, check, test, review and inspect matters related to the construction on behalf of Dynasty Ningxia, and issue relevant instructions.

- Liabilities for breach of agreement : 1. where the inspection and testing by the Supervisor affects the normal progress of the construction, and inspection and testing ultimately pass the relevant standard, the additional expenses and/or the delayed construction shall be borne by Dynasty Ningxia.
2. where the Supervisor disputes the inspection and testing results, and where subsequent re-test and inspection results show that the materials used, engineering equipment and construction fulfill the agreement requirements, the additional expenses and/or the delayed construction shall be borne by Dynasty Ningxia.
3. Dynasty Ningxia shall bear the resulting additional expenses and/or delayed construction, and pay the Contractor the latter's loss of reasonable profit:
- (a) if the quality of the construction fails to meet the standards stipulated in the agreement due to fault of Dynasty Ningxia;
  - (b) if the construction period is delayed due to Dynasty Ningxia's fault or where such delay leads to revision of construction schedule; and
  - (c) where the construction is suspended due to reason of Dynasty Ningxia.

Force majeure : Force majeure events refer to natural disasters and sociological circumstances that are unforeseen by the parties when signing the Decoration and Installation Agreement, which are unavoidable and insurmountable during the performance of the Decoration and Installation Agreement, such as earthquakes, tsunamis, plagues, riots, martial law, wars and other circumstances. In case a party to the Decoration and Installation Agreement encounters a force majeure event that affects the performance of its contractual obligations, it shall immediately notify the other party and the Supervisor.

Liabilities for force majeure :

1. Construction completed before the occurrence of force majeure shall be paid in accordance with the Decoration and Installation Agreement.
2. The parties to the agreement shall bear the consequences of casualties, property losses, increased costs, and/or delays in construction due to force majeure in accordance with the following principles:
  - (1) permanent damage to construction, damage to materials and engineering equipment that have been transported to the construction site, as well as third party casualties and property losses caused by construction damage shall be borne by Dynasty Ningxia;
  - (2) damage to the Contractor's construction equipment shall be borne by the Contractor;
  - (3) Dynasty Ningxia and Contractor shall bear their respective personal casualties and property losses;
  - (4) If force majeure affects the Contractor's performance of its obligations under the agreement and has caused or shall cause a delay in the construction period, the construction period shall be extended. The cost of and loss to the Contractor's suspension of work resulting therefrom shall be reasonably shared by Dynasty Ningxia and the Contractor. Workers' wages required to be paid during the suspension of work shall be borne by Dynasty Ningxia;
  - (5) where the construction period is delayed due to or caused by force majeure, but Dynasty Ningxia demands for rush work, nonetheless the resulting increased rush costs shall be borne by Dynasty Ningxia; and
  - (6) during the suspension period, where Dynasty Ningxia requests the Contractor to continue managing, cleaning and repairing works as regards the construction, such costs shall be borne by Dynasty Ningxia.

Termination of agreement :  
due to force majeure

If the Decoration and Installation Agreement could not be performed for more than 84 consecutive days or more than 140 days in total due to force majeure, either Dynasty Ningxia or the Contractor shall have the right to terminate the Decoration and Installation Agreement. After the Decoration and Installation Agreement is terminated, the parties shall agree or determine the amount payable by Dynasty Ningxia after negotiation.

The amount payable includes:

- (a) the amount of work completed by the Contractor before the Decoration and Installation Agreement is terminated;
- (b) the amounts of materials, equipment and other items ordered by the Contractor for the construction and delivered to the Contractor, or for which the Contractor is obliged to accept delivery;
- (c) expenses incurred for the return of goods or cancellation of the order contract by the Contractor on the request of Dynasty Ningxia, or losses incurred due to the inability to return goods or terminate such contract;
- (d) costs for the Contractor to evacuate the construction site and lay off its personnel;
- (e) other amounts payable to the Contractor before the Decoration and Installation Agreement is terminated;
- (f) deduction of the amount that the Contractor should pay to Dynasty Ningxia in accordance with the Decoration and Installation Agreement; and
- (g) other amounts agreed or determined by the parties to the Decoration and Installation Agreement.

Dynasty Ningxia shall complete the payment within 28 days after the payment amount is agreed or determined.

## **INFORMATION OF THE CONTRACTOR**

The Contractor is a company with limited liability established in the PRC and is principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing. As the date of this announcement, the Contractor is wholly owned by China Railway Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange.

Save that the Constructor is a party to the Construction Agreement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of and not connected with the Group and its connected persons.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in manufacturing and sale of wine products in the PRC.

As disclosed in 2023 interim report and announcement of the Company dated 30 November 2023, as one of the key players in the domestic wine market in the PRC, the Group will further strengthen presence in Ningxia to secure the supply of quality grapes and grape juice. Therefore, it kicked off the first phase development of a winery near eastern foot of Helan Mountain in Ningxia, named Tianxia Winery. The winery will integrate pressing, fermentation, processing, testing and research and development as a whole, with an annual production and processing capacity of 5,000 tonnes. The winery would become a new hub for long-term and stable economic growth of the Group, which will help the regional presence and layout of Dynasty, as well as being in line with the overall planning and industry planning for the development of China's wine industry. The Construction Agreement and the Decoration and Installation Agreement both relate to the same winery premises of the Group's Tianxia winery (Phase I), while the former mainly refers to construction of main body and its underpass, the latter primarily relates to interior decoration, and water and electricity installation works.

The Directors consider that the terms of the Decoration and Installation Agreement are on normal commercial terms and are fair and reasonable and that the transactions contemplated under the Decoration and Installation Agreement are in the interest of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Reference is made to the announcement of the Company dated 30 November 2023, pursuant to which the Board announced that Dynasty Ningxia entered into the Construction Agreement with the same Contractor for constructing the main body and its underpass (including the foundation, civil and structural works) as well as roof and eaves works of winery premises at a consideration of RMB29,920,335.75 (equivalent to approximately HK\$32.79 million on 30 November 2023). In the circumstances, pursuant to the Listing Rules, as the Construction Agreement and Decoration and Installation Agreement were entered into between Dynasty Ningxia and the Contractor within a 12-month period, all transactions respectively contemplated under those agreements are considered and be aggregated as one transaction.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Decoration and Installation Agreement (as aggregated with the Construction Agreement) exceed 5% but does not exceed 25%, the transactions contemplated under the Decoration and Installation Agreement constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“Board”	the Board of Directors;
“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;
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration to be paid by Dynasty Ningxia to the Contractor pursuant to the Decoration and Installation Agreement, being RMB8,883,987.26 (equivalent to approximately HK\$9.76 million);
“Construction Agreement”	the agreement dated 30 November 2023 entered into between Dynasty Ningxia and the Contractor in relation to the construction of the main body and its underpass as well as roof and eaves works of winery premises of the Group’s Tianxia winery (Phase I);
“Construction Area”	a parcel of land situated at the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Wuzhong City, Ningxia Hui Autonomous Region, the PRC (中國寧夏回族自治區吳忠市青銅峽市鴿子山葡萄酒文化旅遊小鎮) with a total site area of approximately 53,000 square meters;
“Contractor”	China Railway First Group Tianjin Construction Engineering Co., Limited (中鐵一局集團天津建設工程有限公司), a company established under the laws of the PRC with limited liability;
“Decoration and Installation Agreement”	the agreement dated 26 January 2024 entered into between Dynasty Ningxia and the Contractor in relation to the decoration and installation;
“Directors”	the directors of the Company;

“Dynasty Ningxia”	Dynasty Fine Wines (Ningxia) Co., Ltd (王朝酒業(寧夏)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holders of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00 = RMB0.910 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.*

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

Hong Kong, 26 January 2024

*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, Mr. Yeung Ting Lap Derek Emory, Mr. Sun David Lee and Ms. Chung Wai Hang.*