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DYNASTY
Since 1980

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: 828)

(I) PROFIT WARNING; (II) COMPLETION OF DISPOSAL OF CHATEAU AND RELATED FACILITIES; AND (III) CURRENT OPERATIONAL UPDATE

This announcement is made by Dynasty Fine Wines Group Limited (the "**Company**", which together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2019 available to the Board, it is anticipated the Group would continue to record an unaudited consolidated loss for the year ended 31 December 2019 as compared to the audited consolidated loss for the previous year, primarily attributable to the drop in revenue and gross profit. The decrease in revenue for the year ended 31 December 2019 was mainly due to the decrease in sales volume as a result of economic growth slowdown in China, as well as impact of decrease in imported wines sales during the year.

It is expected that the amount of the unaudited consolidated loss for the year ended 31 December 2019 would decrease by a range of approximately 10% to 20% as compared with audited consolidated loss of approximately HK$79 million for the previous year, subject to potential adjustments and finalisation that might be incurred during the audit. Such decrease was mainly contributed by increases in costs and expenses savings.

The Company is still in the process of preparing and finalising the results of the Group for the year ended 31 December 2019. The information contained in this announcement is a preliminary assessment made by the Board based on the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information currently available to the Group, which are subject to potential adjustments and finalisation that might be incurred during the audit, which also have not been reviewed and approved by the Company's audit committee, and have not been audited by auditor.

As the Group's consolidated results for the year ended 31 December 2019 have not yet been finalised, the Board is not in a position to quantify precisely the relevant financial effect at this stage. The actual results of the Group for the year ended 31 December 2019 may be different from what is disclosed herein.

Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the year ended 31 December 2019 which is expected to be issued by the end of March 2020.

COMPLETION OF DISPOSAL OF CHATEAU AND RELATED FACILITIES

As disclosed in the circular of the Company dated 15 November 2018 and the announcements of the Company dated 5 December 2018, 30 April 2019 and 14 August 2019, completion of the disposal of a chateau and its related facilities (the "**Transfer**") took place on 23 January 2020. It is estimated that a gain on disposal before income tax from the Transfer will be recognized in the first half of 2020, being calculated based on the difference between the consideration and the book value of the chateau and its related facilities plus expenses of the Transfer and tax expenses.

CURRENT OPERATIONAL UPDATE

Since the outbreak of the novel coronavirus pneumonia (COVID-19) from January 2020 in Mainland China (the "**Outbreak**"), the Group has adopted various prevention and control measures in accordance with the relevant national and local regulations on epidemic prevention and control, with an aim to minimize the impact of the Outbreak on the Group's operations. Since 21 February 2020, majorities of the Group's offices and manufacturing facilities have obtained government approvals and gradually resumed operation, and have not experienced any material disruptions.

The Group will continue to closely monitor the market situation and continuously evaluate the impact of the Outbreak on the Group's operations and financial performance. The Group estimates that in light of the current special circumstances, the financial performance of the Group, as well as the industry, may be affected by the Outbreak in the first half of 2020, although it is impracticable to gauge the extent of the impact for the time being. The Company believes that the Group and its management and employees will continue to work as a whole to cope with the situation, and the Group will strengthen cost control and adopt appropriate measures in a timely manner. The Group will make further announcement(s) as and when appropriate.

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

By order of the Board
DYNASTY FINE WINES GROUP LIMITED
Sun Jun
Chairman

Hong Kong, 13 March 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Sun Jun, Mr. Li Guanghe and Mr. Sun Yongjian, five non-executive Directors, namely, Mr. Heriard-Dubreuil Francois, Ms. Shi Jing, Mr. Jean-Marie Laborde, 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.