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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by 9% to approximately HK$262.8 million (2022: HK$241.4 million).
- Gross profit was at approximately HK$90.7 million (2022: HK$92.4 million).
- Profit attributable to the owners of the Company increased by 31% to approximately HK$21.3 million (2022: HK$16.3 million).
- Basic earnings per share were HK$1.62 cents (2022: HK$1.31 cents).

The board (the "**Board**") of directors (the "**Directors**") of Dynasty Fine Wines Group Limited (the "**Company**") announces herewith the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with comparative figures for the year ended 31 December 2022, prepared on the basis set out in Note 2 below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue from contracts with customers	*3*	**262,801**	241,363
Cost of sales of goods	*4*	**(172,135)**	(149,010)
Gross profit		**90,666**	92,353
Distribution costs	*4*	**(42,489)**	(44,434)
Administrative expenses	*4*	**(43,099)**	(44,880)
Net impairment reversal on financial assets		**397**	788
Other income, other gains and losses – net	*5*	**13,760**	9,256
Operating profit		**19,235**	13,083
Finance income	*6*	**1,469**	2,477
Finance costs	*6*	**(57)**	(67)
Finance income – net	*6*	**1,412**	2,410
Profit before income tax		**20,647**	15,493
Income tax expense	*7*	**(39)**	–
Profit for the year		**20,608**	15,493
Profit attributable to:			
Owners of the Company		**21,338**	16,333
Non-controlling interests		**(730)**	(840)
		20,608	15,493
		HK$ cents	*HK$ cents*
Profit per share attributable to the owners of the Company			
– Basic and diluted earnings per share	*9*	**1.62**	1.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**20,608**	15,493
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(4,168)**	(27,437)
Total comprehensive income/(loss) for the year	**16,440**	(11,944)
Total comprehensive income/(loss) for the year is attributable to:		
– Owners of the Company	**17,409**	(9,576)
– Non-controlling interests	**(969)**	(2,368)
	16,440	(11,944)

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**71,320**	67,187
Right-of-use assets		**23,465**	16,193
Other receivables	*10*	**823**	1,938
Prepayments	*10*	**6,646**	–
Investment in an associate		**–**	–
Deferred income tax assets		**–**	–
Total non-current assets		**102,254**	85,318
Current assets			
Trade receivables	*10*	**22,644**	8,627
Notes receivable	*11*	**34,735**	11,820
Other receivables	*10*	**7,865**	7,892
Prepayments	*10*	**8,903**	12,356
Inventories		**235,746**	238,369
Cash and cash equivalents		**166,741**	161,210
Total current assets		**476,634**	440,274
Total assets		**578,888**	525,592

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Liabilities			
Non-current liabilities			
Lease liabilities		**1,187**	126
Current liabilities			
Trade payables	*12*	**115,478**	84,494
Contract liabilities	*13*	**36,314**	55,863
Other payables and accruals	*12*	**124,876**	138,659
Lease liabilities		**1,115**	864
Total current liabilities		**277,783**	279,880
Total liabilities		**278,970**	280,006
Equity			
Equity attributable to owners of the Company			
Share capital		**140,840**	124,820
Other reserves		**1,161,399**	1,143,456
Accumulated losses		**(1,017,119)**	(1,038,457)
Capital and reserves attributable to owners of the Company		**285,120**	229,819
Non-controlling interests		**14,798**	15,767
Total equity		**299,918**	245,586
Total equity and liabilities		**578,888**	525,592

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, whilst the principal office is Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding entity and the principal activities of the subsidiaries are manufacturing and sales of wine products.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards

Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets that were measured at fair values.

(iii) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2.

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and the current year, and are not expected to significantly affect the future periods.

(iv) New or amended standards not yet adopted

Certain new or amended standards have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These new or amended standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on its foreseeable future transactions.

3 SEGMENT INFORMATION

In accordance with the Group's internal reporting, the chief operating decision-maker considers the business from product perspective and has determined the operating segments to be red wines, white wines and all other products primarily related to the sale of sparkling wines, brandy, ice wine and liquor. The executive Directors assess the performance of the operating segments based on gross profit. All revenue of the Group are from external customers.

	Red wines	**White wines**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2023				
Revenue from contracts with customers	**137,888**	**114,862**	**10,051**	**262,801**
Gross profit	**44,624**	**43,311**	**2,731**	**90,666**
Impairment allowance of inventories	**(440)**	**(835)**	**(16)**	**(1,291)**
Depreciation	**(2,331)**	**(1,941)**	**(170)**	**(4,442)**
Net impairment reversal on financial assets	**209**	**173**	**15**	**397**
2022				
Revenue from contracts with customers	113,726	121,845	5,792	241,363
Gross profit	36,859	53,815	1,679	92,353
Impairment allowance of inventories	(9)	(6)	(219)	(234)
Depreciation	(2,101)	(2,251)	(107)	(4,459)
Net impairment reversal on financial assets	371	398	19	788

A reconciliation of total segment gross profit to total profit before income tax is provided as follows:

	2023	2022
	HK$'000	*HK$'000*
Gross profit for reportable segments	**90,666**	92,353
Distribution costs	**(42,489)**	(44,434)
Administrative expenses	**(43,099)**	(44,880)
Net impairment reversal on financial assets	**397**	788
Other income, other gains and losses – net	**13,760**	9,256
Operating profit	**19,235**	13,083
Finance income – net	**1,412**	2,410
Profit before income tax	**20,647**	15,493

3 **SEGMENT INFORMATION (CONTINUED)**

(a) The amounts of total assets and liabilities for each reportable segment are not regularly provided to the chief operating decision-maker.

(b) During the years, the following two (2022: two) external customers contributed more than 10% of total revenue of the Group. Those revenues were attributed to the red wines and white wines segments.

	2023	2022
	HK$'000	*HK$'000*
Customer A	**36,796**	26,544
Customer B	**28,291**	26,450

(c) The majority of sales of the Group were made within the PRC.

4 **EXPENSES BY NATURE**

	2023	2022
	HK$'000	*HK$'000*
Raw materials and consumables used	**73,729**	75,085
Employee benefit expenses	**61,673**	65,095
Changes in finished goods and work in progress	**39,848**	25,118
Advertising, marketing, and other promotion expenses	**20,802**	17,822
Consumption tax of domestic sales and other taxes	**18,913**	21,829
Transportation	**9,328**	8,011
Travelling expenses	**5,395**	4,172
Energy and power costs	**5,275**	3,632
Consultancy and professional fee	**4,279**	2,847
Depreciation of property, plant and equipment	**2,587**	2,151
Auditor's remuneration	**2,222**	2,456
Maintenance expenses	**1,943**	1,693
Security and property fees	**1,913**	1,455
Depreciation of right-of-use assets	**1,855**	2,308
Impairment allowance of inventories	**1,291**	234
Operating lease rental expenses	**37**	210
Other expenses	**6,633**	4,206
Total cost of sales of goods, distribution costs, administrative expenses	**257,723**	238,324

5 OTHER INCOME, OTHER GAINS AND LOSSES – NET

	2023	2022
	HK$'000	*HK$'000*
Write-off of payables with long ageing *(a)*	**9,261**	6,954
Gain/(losses) on disposal of property, plant and equipment	**3,788**	(1,741)
Government grants	**272**	884
Provision for compensation to employees	**–**	448
Others	**439**	2,711
	13,760	9,256

(a) In 2023, the Company performed an assessment on the long ageing payable balances that were unable to pay and not claimed. As a result, certain payables were written off according to the related laws of the PRC, resulting a total gain of HK$9.26 million (2022: HK$6.95 million).

6 FINANCE INCOME – NET

	2023	2022
	HK$'000	*HK$'000*
Interest income	**1,469**	2,477
Interest paid for lease liabilities	**(57)**	(67)
Net finance income	**1,412**	2,410

7 INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current income tax	**39**	–
Deferred income tax	**–**	–
Corporate income tax (CIT)	**39**	–

8 DIVIDEND

No dividend was declared or paid in 2023 and 2022.

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company,
- by the weighted-average number of ordinary shares outstanding during the financial year.

	2023	2022
Profit attributable to owners of the Company (HK$'000)	**21,338**	16,333
Weighted-average number of ordinary shares in issue ('000)	**1,314,952**	1,248,200
Profit attributable to the ordinary equity holders of the Company (HK$ Cents)	**1.62**	1.31

(b) Diluted earnings per share

The Group had no dilutive instruments during the years ended 31 December 2023 and 2022 and the Group's diluted earnings per share equal to its basic earnings per share for the years ended 31 December 2023 and 2022.

10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**35,157**	21,603
Loss allowance	**(12,513)**	(12,976)
Trade receivables – net	**22,644**	8,627

The Group grants a credit period of 90 days (2022: 90 days) to its customers. The ageing analysis of the trade receivables is as follows:

	2023	2022
	HK$'000	*HK$'000*
Up to 90 days	**22,323**	8,503
More than 30 days past due	**302**	346
More than 90 days past due	**299**	203
More than 270 days past due	**12,233**	12,551
	35,157	21,603

As at 31 December 2023 and 2022, the carrying amounts of the Group's trade receivables were principally denominated in Renminbi.

10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 90 days and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair values.

(iii) Impairment and risk exposure

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance decreased from HK$12.98 million to HK$12.51 million for the current year.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

	2023	2022
	HK$'000	*HK$'000*
Non-current		
Deposits paid to electronic commerce platform	**823**	1,938
Current		
Expenses to be reimbursed	**2,765**	1,951
Taxes to be offset	**2,143**	2,914
Cash advance to employees and deposits	**369**	607
Other receivables	**3,612**	3,557
	8,889	9,029
Less: loss allowance	**(1,024)**	(1,137)
	7,865	7,892

10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(c) Prepayments

	2023	2022
	HK$'000	*HK$'000*
Non-current		
Prepayments for purchase of property, plant and equipment	**6,646**	–
Current		
– third parties	**8,560**	12,025
– related parties	**343**	331
	8,903	12,356
	15,549	12,356

11 NOTES RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Bank acceptance bills	**34,735**	11,820

As at 31 December 2023, notes receivable amounted to HK$34.74 million (2022: HK$11.82 million) were all bank acceptance bills with maturity dates within 6 months, which are classified as financial assets at FVOCI.

12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**115,478**	84,494
Other payables and accruals		
– Amount due to a shareholder of the Company *(Note (a))*	**42,404**	42,404
– Payroll payable	**28,381**	29,419
– Other taxes payables	**18,485**	23,397
– Deposit	**4,624**	4,889
– Others	**30,982**	38,550
	124,876	138,659
	240,354	223,153

12 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (CONTINUED)

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(a) The amount due to a shareholder of the Company, Tianjin Food Group Company Limited, relating to the previous year's emoluments to certain directors. The amount due to the shareholder is unsecured, interest free and has no fixed terms of repayment.

(b) The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(c) The ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**69,138**	29,126
31-90 days	**7,178**	966
91 to 180 days	**986**	1,906
Over 180 days	**38,176**	52,496
	115,478	84,494

13 CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Advances received from distributors	**36,314**	55,863

The accruals for sales commissions to the distributors amounted to HK$17.95 million as at 31 December 2023 (2022: HK$28.80 million), which are estimated to be settled by granting wine products to the distributors, were presented in contract liabilities. The figures for the comparative period which were recorded in other payables and accruals have been reclassified accordingly.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the announcement of annual results have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the announcement of annual results.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The revenue of Dynasty Fine Wines Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 increased by 9% to HK$262.8 million (2022: HK$241.4 million) and the Group's profit attributable to owners of the Company increased by 31% to HK$21.3 million (2022: HK$16.3 million).

Earnings per share of the Company (the "**Share**") was HK$1.62 cents per Share (2022: HK$1.31 cents per Share) based on the weighted average number of approximately 1,314.9 million Shares (2022: 1,248.0 million Shares) in issue during the year. There was no potential dilutive Share for the year ended 31 December 2023.

The increase in profit attributable to the owners of the Company in 2023 was mainly attributable to: (i) an increase in write-off of payables with long ageing; and (ii) a gain on disposal of a property of approximately HK$2.6 million. Post-COVID, the Group's operating activities continue to maintain a growth in sales during the year. The increase in revenue was primarily due to the recovery of sales, especially in the medium-end wine products, resulting from the normalisation of consumption occasions and resumption of consumer sentiment in the People's Republic of China (the "**PRC**") after the dismantlement of pandemic control measures at the end of 2022.

Financial review

Revenue

Revenue of the Group is mainly generated from sale of wine products. The Group's total revenue increased from approximately HK$241.4 million in 2022 by 9% to approximately HK$$262.8 million in 2023. In terms of Renminbi ("**RMB**"), the revenue grew by about 15% during the year. The growth in revenue was mainly contributed by the recovery increase in sales volume of products, especially middle-end wine products, during the year. Following the gradual resumption of economic growth, the sales revenue achieved a recovery growth in the first half of the year, and turned into a moderate increase in the second half of the year.

The Group's average ex-winery sales price of red and white wine products under the "Dynasty" brand in RMB during the year slightly increased. The total number of bottles of wine sold increased to approximately 10.3 million in 2023 (2022: approximately 9.1 million).

Benefited from resumption of consumption scenario such as banquets and gatherings nationwide, sales of red wines products grew well over the year and served as the Group's primary revenue contributor. Sales of red and white wines products accounted for approximately 52% and 44% for the year (2022: red and white wines: approximately 47% and 50%).

Cost of sales of goods

The following table sets forth the major components of the cost of sales of goods (before impact of impairment allowance of inventories) for the year:

	2023	2022
	%	*%*
Cost of raw materials		
– Grapes and grape juice	**49**	46
– Yeast and additives	**2**	2
– Packaging materials	**22**	20
– Others	**1**	2
Total cost of raw materials	**74**	70
Manufacturing overheads	**17**	20
Consumption tax and other taxes	**9**	10
Total cost of sales	**100**	100

The principal raw materials required by the Group in producing wine products are grapes and grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. During the year, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 49% of the Group's total cost of sales, and increased during the year as compared with approximately 46% in 2022 mainly due to purchase price rise of grapes and grape juice.

Manufacturing overheads primarily consist of depreciation, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses in relation to production. During the year, manufacturing overheads kept stable as compared with 2022.

Gross profit margin

Margin is calculated based on cost of sales inclusive of consumption tax and gross sales. The overall gross profit margin decreased to 34% in 2023 (2022: 38%), mainly due to increase in reimbursement of marketing expenses under sales arrangement and delivery charge (especially e-commerce sales) during the year.

The gross margin of red wine products and white wine products in 2023 were 32% and 38% respectively (2022: 32% and 44% respectively).

Other income, other gains and losses – net

Other income, other gains and losses mainly comprises of write-off of payables with long ageing, gain on disposal of obsolete products and property and government grants related to enterprise development.

Other income, other gains and losses for the year ended 31 December 2023 represented a net gain of approximately HK$13.8 million (2022: approximately HK$9.3 million). The increase in net gain was mainly due to the increase in write-off of payables with long ageing by approximately HK$2.3 million, one-off net gain on disposal of a staff quarter of approximately HK$2.6 million netting off with the decline in government grants during the year.

Distribution costs

Distribution costs principally include advertising and market promotion expenses, storage charges in connection with the sales of wine products, salaries and related personnel expenses of the sales and marketing functions and other incidental expenses. During the year, distribution costs accounted for approximately 16% (2022: 18%) of the Group's revenue. The decrease in distribution costs to revenue ratio was mainly due to an effective control in storage expenses and decrease in sales-based compensation, compared with last year. During the year, the Group continued to promote and market its brand and products effectively through a range of joint promotions with local distributors, print and outdoor advertisements, wine dinners, wine tasting events, e-channels and digital communication, event sponsorships and exhibitions. The Group will ensure its promotional strategy is responsive to market dynamics and competition.

Administrative expenses

Administrative expenses comprise salaries and related personnel expenses for administrative, finance and human resources departments, legal and professional fee, depreciation and amortisation expenses, impairment allowance and other incidental administrative expenses.

During the year, administrative expenses as a percentage of the Group's revenue accounted for approximately 16% (2022: 19%) of the Group's revenue. The decrease in ratio was mainly attributable to stable administrative expenses under effective cost control in light of the increase in revenue during the year. The administrative expenses recorded a slight decrease compared with 2022, primarily as a result of effective cost control measures and certain savings in maintenance and office expenses.

Finance income – net

During the year, there was a decrease in finance income – net, which was mainly due to a reduced bank interest income compared with 2022.

Income tax expense

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Provision for the PRC Enterprise Income Tax was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries operated in the PRC.

Cash flow

In 2023, financing activities were the Group's main source of cash inflow.

The decrease in net cash outflow from operating activities from approximately HK$14.8 million in 2022 to approximately HK$11.1 million in 2023 was mainly due to the decrease in cash outflow from working capital during the year.

The increase in net cash outflow in investing activities from approximately HK$3.0 million in 2022 to approximately HK$10.8 million in 2023 was mainly because of acquisition of land use right and increase in construction in progress and prepayment related to Ningxia Tianxia Winery project during the year.

The change of cashflow from financing activities from net outflow of approximately HK$1.9 million in 2022 to net inflow of approximately HK$29.8 million in 2023 was primarily attributable to proceeds from completion of placing of new shares net of increase in lease payments during the year.

Financial management and treasury policy

For the year ended 31 December 2023, the Group's revenue, expenses, assets and liabilities were substantially denominated in RMB. The funding from the operations was placed on short-term deposits (denominated in RMB, US dollars or Hong Kong dollars) with authorised financial institutions. The Company would also pay dividends in Hong Kong dollars when dividends were declared, if any. The Company did not implement any hedging or other derivatives against foreign exchange risk. Although the Group's operations currently would not generate any significant foreign currency exposure, the Group will continue to closely monitor foreign currency movements and adopt prudent measures as appropriate.

Armed with sufficient financial resources and net cash position, the Group had no borrowings and was exposed to minimal financial risk from interest rate fluctuation.

The purpose of the Group's investment policy is to ensure the investment of uncommitted funds to achieve the highest practicable returns while heeding the need to preserve capital and assure liquidity.

Business review

Sales analysis

A) Distributorship

For the year ended 31 December 2023, the increase in revenue was primarily due to the recovery of sales, especially in the medium-end wine products, resulting from the normalisation of consumption scenes and resumption of consumer sentiment in the PRC after the dismantlement of pandemic control measures at the end of 2022.

During the year, the Group continued in implementing a sales and marketing reform, as well as product and channel strategies. Following the resumption of consumption activities, the Group closely cooperated with distributors and pressed ahead with its marketing campaign showcasing shops, hosting wine tasting events and organising winery visits, so as to keep developing and enhancing its point-of-sale network. The Group held its tasting and business events at the time of various exhibitions and wine fairs, new products launch ceremonies, during which the Group actively promoted its latest product mix that covered all product lines, and received enthusiastic market response.

The Group has been actively pursuing innovation, embracing the “5+4+N” product strategy, with “N” standing for developing various customised products and continuously creating new products to meet the diverse needs of different Chinese consumer groups. During the year, the Group continued launching new products, tailor-made wines and carrying out product upgrade that can better suit different palates, and can cater for consumers with different spending power. That was done with an aim to invigorate the brand, as well as consolidating the image of Dynasty as a representative domestic grape wine brand.

The Group produced a wide range of more than 100 wine products under the “Dynasty” brand to meet the demands and preferences of different consumer groups mainly in the mass-market segments in the PRC wine market. During the year, the Group launched a new high-end product, i.e. Dynasty Chinese Zodiac Commemorative Dry Red Wine for the Gui Mao Year of Rabbit, integrating the high quality with the Chinese zodiac culture and the leading rise of Chinese-style fashionable products. The Group also launched new products, including the NIANHUA series and Constellation series, FU series, via an improved business model, which is safeguarding channel profit while also meeting consumers’ demand for fine wines. These series can better satisfy the needs of customer groups with different spending habits. In addition, the Group has, heeding market and consumer demands, upgraded Golden Dynasty products and adopted new strategies to improve its existing product system.

Dynasty has made improvement to its 5+4+N product system, aiming to create exclusive blockbuster products. During the year, the Group unveiled the new and upgraded Golden Dynasty series and new strategic plans at Spring Food & Drinks Fair held in Chengdu. With leading and well-proven technologies it prides, the Group carried out comprehensive upgrade of its production techniques, packaging design, etc. With China chic on the rise, the new upgraded design is set to resonate with Chinese consumers confident of their culture, help strengthen awareness of the Dynasty brand and attract mainstream consumers fancying China-made products and China chic.

Moreover, the Group sold chateau wine imported from France and other foreign branded wines in the PRC wine market through the Group's existing distribution network to introduce some classic "old world" and "new world" varietals to cater for a market that prefers the taste of foreign premium wines.

Coupling with the rise of Chinese-style fashion, the Group will continue to provide domestic-made Dynasty wine products of quality that consumers can trust, that are healthy and complemented with high-end services, to help it achieve a high-quality development in leaps and bounds.

B) E-commerce sales

The e-commerce team of the Group comprehensively operates online stores itself on the traditional e-commerce platforms, such as JD.com (京東商城), Tmall (天貓商城) and Pinduoduo (拼多多) for product sales, as well as comprehensive innovation on its brand, product categories, and business systems, procedures and models via new retail platforms, including RED (小紅書 app), Kuai (快手 app) and TikTok (抖音app) during the year. Such efforts facilitated the Group's autonomous brand communications so that it could continue to gain the attention of mainstream consumer groups and demographic segments, and enhance effective market penetration of the Group's products targeted at young consumers. The e-commerce team also actively cultivate e-commerce live broadcasting talents to further expand its sales channels so as to build up a new customer base.

The Group continues putting resources for improvement of the online sales channels and optimisation of online stores interface so as to capture the change of customer consumption behavior in the PRC. During the year, apart from the existing exclusive products for e-commerce platforms, the Group had also been developing emerging marketing channels, such as live broadcasting. To strengthen brand awareness, the Group has launched a "Chinese style" edition showing its name in Chinese "王朝", to bring home its position as a domestic grape wine brand and also to attract mainstream e-commerce consumers who love domestic made products. The Group actively promoted the exclusive products series for e-commerce platforms via e-commerce channels such as live broadcasting and, on top of presence on mainstream e-commerce platforms, efforts have been made to exploit new retail channels using such supplementary promotional means as live streaming or videos with progress. The e-commerce sales grew significantly over the year, sales of which has doubled that of the 2022, being another new revenue growth point of the Group. The Group believes that the online platform not only serves as a business-to-customer trading platform between the Group and the consumers, but also an additional marketing and promotion channel for the brand. Thus, the platform should enhance the overall business potential of the Group.

Awards

During the year, the Group kept boasting brilliant results in major wine appraisal competitions. Among the numerous awards, "Dynasty Jin. Y Brandy XO barrel-aged 12 years" has won the Gold Medal, its first at the 2023 Cathay Hong Kong International Wine & Spirit Competition ("**HKIWSC**"). The brandy also stood out among over 2,000 competing spirit products from more than 60 countries and regions and won the Gold Medal at the "25th Spirits Selection by Concours Mondial de Bruxelles ("**CMB**")", showing the charm and strengths of Chinese brandy to the world. "Dynasty 5° Sparkling Wine" has been awarded the Master Medal, the highest honour in "The Asian Sparkling Masters 2023", organised by "The Drinks Business Asia". "Dynasty Merlot Dry Red Wine (Gold Label)" has also won the Gold Medal at the 2023 The International Wine Grand Challenge (IWGC) China.

Research and Technology

The Group is committed to maintaining high standard of research and technology which are essential to the sustainable growth of the Company. The post-doctoral work station in the National-level Technology Centre of the Group was set up for researching the selection of distinctive muscat yeast in order to brew more mellow and delicious wines. The centre has also set up a winemaking and wine tasting studio which has carried out rounds of wine introduction and tasting activities to date, with event focuses covering floral and fruit wine, sparkling wine, white wine, red wine and brandy. These activities have further broadened the professional competency of the studio staff and enable Dynasty's employees to gain a greater and in-depth understanding of wine products, so as to improve their technological know-how and new product development capabilities. The new premises at the National-level Technology Centre further promote the Group's research and development of new products as well as new winemaking techniques.

Supplies of grapes or grape juice

Production of quality wines greatly depends on a sufficient supply of quality grapes or grape juice. Currently, the Group has more than 10 major grape juice suppliers with whom the Group has enjoyed long-term relationships, mainly located in Tianjin, Hebei, Ningxia and Xinjiang. Ensuring reliable supplies of quality grapes and grape juices to meet the production needs of the Group's growing business is a high priority of the Group. Thus, the Group continues to actively work with vignerons to enlarge their existing vineyards in order to enjoy better economies of scale and equip their vineyards with state-of-the-art techniques for assuring quality. For super and ultra-premium wines, vignerons have adopted a disciplined approach to limiting harvest yields in order to deliver higher quality grape. To optimise the supply network, the Group kept identifying new suppliers that comply with the quality requirements, and the Group conducted thorough tests on their grape juices before orders were placed. These procedures ensure the Group to procure quality grapes and grape juice supplies and also minimise the effect of bad harvests interrupting production. The Group also strengthened presence by subsidiaries set up in Ningxia and Xinjiang during the year targeted to enhance the supply and procurement of quality grapes and grape juice in those regions with premium vineyards.

During the year, in addition to Tianjin region, the Group sourced and plan to increase the direct sourcing of quality grapes harvested from Ningxia and Xinjiang regions, it also intends to increase processing of grape juices locally in accordance with the guidance and advices provided by the Group. This process can also better ensure that the quality and freshness of grape juice (including unprocessed wines) meets the Group's standard.

Production capacity

As at the end of December 2023, the Group's annual production capacity maintained at 50,000 tonnes (2022: 50,000 tonnes). Such capacity is sufficient for the Group to promptly respond to the market demand and provides a platform for sustainable earnings growth.

Issue of shares under general mandate

On 21 June 2023, the Company entered into subscription agreements with each of the following subscribers:

(a) National Tide Era Holding Limited, which is wholly-owned by Tianjin Wangchao Business Management Co., Ltd.* (天津王潮商業管理有限公司), which in turn is owned by Shengshi Jiuyuan (Shenzhen) Import and Export Co., Ltd.* (盛世酒源(深圳)進出口有限公司) and Shenzhen Zhenpinhui Trading Co., Ltd.* (深圳珍品薈貿易有限公司) as to 99% and 1% respectively. Shengshi Jiuyuan (Shenzhen) Import and Export Co., Ltd.* is directly owned by Wang Wentao, Liu Bin, and Wang Yanzheng as to 99%, 0.99%, and 0.01% respectively;

(b) Ekim Limited, which is indirectly wholly-owned by Li Hui; and

(c) Zengli Investment Group Co. LTD, which is indirectly owned by Li Junjie and Hao Mingzhen as to 51.2195% and 48.7805% respectively.

The associates of the above subscribers are also the Group's distributors.

Pursuant to the above subscription agreements, the subscribers had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue an aggregate of 160,205,886 ordinary shares of the Company at the subscription price of HK$0.2475 per share for an aggregate consideration of approximately HK$39,650,957 (the "**Subscriptions**"). Such subscription shares have an aggregate nominal value of approximately HK$16,020,589. The net subscription price per share was approximately HK$0.2363 per subscription share. The subscription price of HK$0.2475 per subscription share represented 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.

The gross proceeds from the Subscriptions were 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, were approximately HK$37.9 million. The Company intended to use 50% of the proceeds (approximately HK$18.9 million) to develop the 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 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.

On 31 July 2023, the Group completed the Subscriptions and issued 160,205,886 shares. The gross proceeds amounted to approximately HK$39.7 million and the net proceeds, after deduction of the placing agent fee and other related expenses of the Subscriptions, amounted to HK$37.9 million. As set out above, the Company intends to use 50% of the proceeds (approximately HK$18.9 million) to develop the 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.

After the completion of the Subscriptions, National Tide Era Holding Limited, Ekim Limited and Zengli Investment Group Co. LTD. are interested in 31,496,161, 13,314,781 and 115,394,944 shares, representing approximately 2.24%, 0.94% and 8.19% of the issued share capital of the Company respectively.

Use of proceeds raised from the issue of shares under general mandate

As at the end of December 2023, the net proceeds raised from the issue of shares under general mandate remained unutilitised, but will be applied according to the progress of construction of Tianxia winery (Phase I) as well as promotion and marketing campaigns at the core markets of the Company in 2024.

Construction of Ningxia Tianxia Winery

In mid-July 2023, the Group acquired the land use right of approximately 53,000 square meters located in the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Wuzhong City, Ningxia Hui Autonomous Region, at a price of approximately RMB6.0 million (equivalent to approximately HK$6.6 million), which was funded by internal resources. Eastern foothill of Helan mountain (Qingtongxia City, Ningxia) is one of the key quality grape producing areas in the PRC. The acquisition of the land use right is part of the development plan of a new winery in Ningxia of the Group.

On 30 November 2023, Dynasty Fine Wines (Ningxia) Co., Ltd (王朝酒業(寧夏)有限公司) ("**Dynasty Ningxia**"), a wholly-owned subsidiary of the Company, entered into a construction agreement with 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) (the "**Contractor**"), pursuant to which the Contractor shall provide construction services to Dynasty Ningxia for the construction of the main body and its underpass (including the foundation, civil and structural works) as well as roof and eaves works of winery premises of Tianxia winery (Phase I) (the "**Construction Agreement**") at the Consideration of RMB29,920,335.75 (equivalent to approximately HK$32.79 million). For details, please refer to the discloseable transaction announcement dated 30 November 2023.

On 26 January 2024, Dynasty Ningxia, entered into a 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 (the "**Decoration and Installation Agreement**") at the consideration of RMB8,883,987.26 (equivalent to approximately HK$9.76 million). 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. For details, please refer to the discloseable transaction announcement dated 26 January 2024.

Increase in shareholding by a controlling shareholder of the Company

Referring to the announcement dated 19 December 2023, Tianjin Food Group Company Limited (天津食品集團有限公司) ("**Tianjin Food**"), a controlling shareholder of the Company being interested in approximately 39.62% of the issued shares of the Company as at the date hereof, had informed the Company that Tianjin Food plans to increase its shareholding in the Company. The Board has been informed that Tianjin Food will do so through its wholly-owned subsidiary using its own funds by acquisition in the open market up to an aggregate amount not exceeding 2% from the lowest percentage holding (as the term is used under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**")) of Tianjin Food (and the parties acting in concert (as defined in the Takeovers Code) with it, including its ultimate and intermediate holding companies as well as fellow subsidiary, Tianjin TEDA Investment Holding Co., Ltd., Tianjin TEDA Industrial Group Co., Ltd.* (天津泰達實業集團有限公司), Tianjin Bohai State-owned Assets Management Co., Ltd.* (天津渤海國有資產經營管理有限公司) and Tsinlien Group Company Limited) within the 12-month period ending on and inclusive of the date of the relevant acquisition ("**Shareholding Increase Plan**"). The lowest percentage holding of Tianjin Food (together with the parties acting in concert with it) for the 12-month period ending on the date of the announcement is approximately 39.62%, being the same as its shareholding percentage as at the date of the announcement. Subsequent to that announcement up to 31 December 2023, the subsidiary of Tianjin Food had purchased 16,850,000 ordinary shares of the Company, equivalent to approximate 1.20% of the Company's issued shares, in the open market.

Save disclosed above, no significant events had taken place after the year ended 31 December 2023 to the date of this announcement.

Prospects and future plans

Looking ahead to 2024, the Group will focus on product quality, reinvent consumption scenarios and strive to guide market spending, while continuing to build Dynasty into a brand representative of Chinese wines and its wines into iconic products, inheriting the classics. The Group will also be persistent in meeting consumer demand by pursuing innovations for its wine series. Meanwhile, the Group will invest more resources in brand development and e-commerce business to fully vitalise its brand and drive the development of its major products, with the aim of bringing Dynasty's superior wines to more consumers in the PRC.

As one of key players in domestic wine market in the PRC, the Group will further strengthen presence in Ningxia and Xinjiang to secure the supply of quality grapes and grape juice, and continues the development of the first phase of a winery nearby Eastern foot of Helan Mountain in Ningxia, named Tianxia Winery, which is expected to be completed in the fourth quarter of 2024. 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 project is and will be funded by the Group's internal resources and proceeds from placing of new shares issued in July 2023. The winery would become a new long-term and stable economic growth point of the Group and help the regional presence and layout of Dynasty wines, as well as in line with the overall planning and industry planning for the development of China's wine industry.

In view of the continual resumption of economic growth and consumption in the PRC, especially robust in festivals, the Board currently remains cautiously optimistic on the business in 2024. The Group will continue to be well prepared to proactively develop the market, improve quality and boost sales volume, under the trend of support for the expansion of domestic consumption by the country.

In addition to our commitment to wine business in the PRC, the Group will also explore the potential opportunities for further business development of new alcoholic beverages in order to diversify the sources of revenue, enhancing the scale of its business and Dynasty's brand influence.

Human resources management

Quality and dedicated staff are the most important assets of the Group. The Group strives to ensure a strong team spirit among its employees so that they identify and contribute in unison to its corporate objectives. To this end, the Group offers competitive remuneration packages commensurate with market practices and industry levels, and provides various fringe benefits including training, medical and insurance coverage as well as retirement benefits to all employees in Hong Kong and the PRC. The Group is committed to staff training and development to support the need of the business and individuals, so employees are encouraged to enrol in external professional and technical seminars, and other training programmes and courses to update their technical knowledge and skills, enhance their market awareness and improve their business acumen. The Group has reviewed and adjusted its human resources and remuneration policies, especially the performance-based bonus award, with reference to local legislation, market conditions, industry practice and achievements of the Group's targets as well as the performance of individual employee.

The Group employed a work force of 238 (including directors) (2022: 242) in Hong Kong and the PRC as at 31 December 2023. The total salaries and related costs (including the Directors' fees) for the year ended 31 December 2023 amounted to approximately HK$61.7 million (2022: HK$65.1 million). During the year, the staff costs decreased mainly as a result of reduction of sales-based compensation.

Liquidity and financial resources

The liquidity and financial position of the Group remained solid as the Group continued to adopt a prudent approach in managing its financial resources. As at 31 December 2023, the Group's cash and short-term deposits amounted to HK$166.2 million (2022: HK$160.7 million). The minor increase was mainly contributed by the net proceeds from placing of new shares under general mandate but offset by the settlement of trade and other payables during the year. It has sufficient financial resources and an adequate cash position for satisfying the working capital requirements of business development, operations and capital expenditures. The capital expenditures in relation to construction and installation of Tianxia Ningxia Winery (phase I) had been and will be funded by the Group's internal resources and proceeds from issue of shares under general mandate completed in July 2023, New investment opportunities, if any, will be funded by the Group's internal resources or proceeds from issue of shares, if any.

Capital structure

The Group had cash and liquidity position of HK$166.2 million (2022: HK$160.7 million) as at 31 December 2023, reflecting its sound capital structure. The Group expects its cash to be sufficient to support its operating and capital expenditure requirements in the foreseeable future.

The Group also monitored capital on the basis of the liability-to-asset ratio. As at 31 December 2023, the Group's gearing ratio (expressed as total liabilities divided by total assets, in percentage) was approximately 48% (2022: 53%). The Group's gearing ratio decreased and maintained at a sound level.

As at 31 December 2023, the market capitalisation of the Company was approximately HK$591.5 million (2022: approximately HK$436.9 million).

Capital commitments, contingencies and charges on assets

As at 31 December 2023, there was capital expenditure contracted for construction in relation to Ningxia Tianxia Winery project of HK$24.2 million (2022: nil) but not yet incurred and there was no charge on assets of the Group.

The Group had no contingent liabilities as at 31 December 2023 (2022: nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2023, except for liquidation process of a non-major associate in Ningxia in progress, the Group had not made any material acquisitions or disposal of subsidiaries, associates or joint ventures. The Group held a 25% equity interest of the associate in Ningxia. The carrying amount of the investment in the associate has been reduced to zero since 2012. The liquidation application related to the associate had been accepted by the local court in September 2023.

Principal risks and uncertainties

The following section lists out the principal risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. The Group will further improve its risk management, closely monitor the following risks and seek to adopt responsive measures:

1. ***Market risks***

   The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

2. ***Commercial risks***

   The Group is facing various competitions by domestic and overseas companies in the wine industry, and also finds that a number of imported wines competitors entered the markets, while local competitors grab the market with lower selling prices and counterfeit wines. To maintain the Group's competitiveness, it continues to strengthen the brand value, quality of products and research and development to launch new products or products with distinctive characteristics, such as festival featured products to diversity product mix; and product series which are focused on the entry-level product price range and targeted at young consumers, opening a new chapter for the Group's product rejuvenation strategy.

3. ***Operational risks***

   The production lines of the Group have been in use for years, resulting in ageing of certain machines and a decline in productivity. Failure to respond effectively to the decline in capacity may affect the sales plan of the Group. The production department has continuously researched to upgrade the technology of the production lines and to introduce suitable equipment to enable the Group to maintain a high level of production so as to cater for the customers' demand.

   The implementation of restriction policy which stipulates that civil servants are prohibited from consuming alcoholic beverages during the workdays continues, such related sales from that consumer group may be adversely affected due to the tightening measures imposed by local governments, having a direct impact on the sales volume of wine products. To reduce the risk, the Group keeps implementing optimised channels for mass market and product strategies following the relaxation of measures by developing and enhancing its point-of-sale network (both offline and online) and launching characteristic products with various customer bases coverage.

The Group's operations are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of the Group's operations depends upon compliance with applicable environmental, health and safety and other regulations. The Group's in-house lawyer assists in identifying, monitoring and providing support to identify and manage legal risks across the legal and seek external legal advisers as and when appropriate.

4. Loss of distributors/customers

Loss of distributors/customers could adversely affect the Group's business. The Group keeps in close touch with its distributors/customers and markets and focuses effort on delivery high quality wines to them in order to meet their purchase intention and satisfaction.

Environmental policies and performance

The Group is fully aware of the importance of the environmental sustainability throughout its business operations. As a responsible corporation, the Group strives to ensure minimal environmental impacts by carefully managing its pollutant emissions, energy consumption and water usage level, including the establishment or upgrading of heating boiler and energy-saving transformer, sewage station expansion and other initiatives. The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy, aiming at reducing resources consumption and saving costs which are beneficial to the environment and meet the commercial goals of the Group.

Compliance with laws and regulation

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to commit to complying with the relevant laws and regulations such as the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and other applicable laws and regulations. Based on the information available, the Directors took the view that during the year ended 31 December 2023, the Group was not aware of any non-compliance of the relevant laws and regulations that had a significant impact on the Group.

Dividend

The Directors did not recommend the payment of any final dividend to the shareholders of the Company (the "**Shareholders**") for the year ended 31 December 2023.

Purchase, sale or redemption of the Shares

Except for issue of shares under general mandate, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any Shares during the year ended 31 December 2023.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors' securities transactions (the "**Model Code**"). The Company has made specific enquiry of all Directors and that all the Directors have confirmed their compliance with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 December 2023.

Compliance with the Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the year ended 31 December 2023. The current practices will be reviewed regularly to follow the latest practices in corporate governance.

Audit Committee

During the year ended 31 December 2023, the Audit Committee comprised three independent non-executive Directors who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has reviewed the Group's financial statements for the year ended 31 December 2023 in conjunction with the Company's auditor and discussed the matters concerning the internal controls and risk management (including environmental, social and governance risks) system of the Group.

Publication of annual results and annual report on the website of the Company and of the Stock Exchange

This annual results announcement, required by Appendix D2 to the Listing Rules, is published on the websites of the Company (www.dynasty-wines.com) and the Stock Exchange. The annual report of the Company for the year ended 31 December 2023, which contains the detailed results and other information of the Group for the year ended 31 December 2023 required pursuant to Appendix D2 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Company (www. dynasty-wines.com) and the Stock Exchange in due course. Further announcement will be made by the Company as and when appropriate.

Annual general meeting

The notice of the annual general meeting ("**AGM**") will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course after the date of the forthcoming AGM has been determined.

Acknowledgement

The chairman of the Board would like to take this opportunity to acknowledge the support of the Board members and to commend them for their sage guidance and the enthusiasm they have demonstrated.

The chairman of the Board would also like to express my sincere gratitude to our valued Shareholders, customers, distributors, grape growers, suppliers, business associates and all other stakeholders who have supported us through the years.

Heartfelt thanks also must go to our staff and the management team who have shown great dedication and teamwork throughout the year.

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

Hong Kong, 27 March 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.