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: 00828)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue increased by 3% to approximately HK$271.4 million (2023: HK$262.8 million).
- Gross profit increased by 15% to approximately HK$104.7 million (2023: HK$90.7 million).
- Profit attributable to the owners of the Company increased by 57% to approximately HK$33.4 million (2023: HK$21.3 million).
- Basic earnings per share were HK2.37 cents (2023: HK1.62 cents).
- The Board has resolved to recommend the payment of a final dividend of HK0.35 cents per share to the shareholders of the Company for the year ended 31 December 2024.

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 2024 together with comparative figures for the year ended 31 December 2023, prepared on the basis set out in Note 3 below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue from contracts with customers	*4*	**271,372**	262,801
Cost of sales of goods	*5*	**(166,652)**	(172,135)
Gross profit		**104,720**	90,666
Distribution costs	*5*	**(49,428)**	(42,489)
Administrative expenses	*5*	**(46,893)**	(43,099)
Loss allowance (recognised)/reversed on financial assets – net		**(215)**	397
Other income, other gains and losses – net	*6*	**24,485**	13,760
Operating profit		**32,669**	19,235
Finance income	*7*	**948**	1,469
Finance costs	*7*	**(65)**	(57)
Finance income – net	*7*	**883**	1,412
Profit before income tax		**33,552**	20,647
Income tax expense	*8*	**(12)**	(39)
Profit for the year		**33,540**	20,608
Profit/(loss) attributable to:			
Owners of the Company		**33,440**	21,338
Non-controlling interests		**100**	(730)
		33,540	20,608
Earnings per share, in HK cents			
– Basic earnings per share	*10*	**2.37**	1.62

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**33,540**	20,608
Other comprehensive expense		
Items that may be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	**(9,135)**	(4,168)
Total comprehensive income for the year	**24,405**	16,440
Total comprehensive income/(expense) for the year is attributable to:		
– Owners of the Company	**24,885**	17,409
– Non-controlling interests	**(480)**	(969)
	24,405	16,440

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		At 31 December	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		**118,209**	71,320
Right-of-use assets		**21,438**	23,465
Deposits	*11*	**872**	823
Prepayments	*11*	**–**	6,646
Investment in an associate		**–**	–
Deferred income tax assets		**–**	–
Total non-current assets		**140,519**	102,254
Current assets			
Inventories		**231,275**	235,746
Trade receivables	*11*	**47,348**	22,644
Notes receivable	*12*	**20,009**	34,735
Other receivables	*11*	**9,865**	7,865
Prepayments	*11*	**8,919**	8,903
Cash and cash balances		**122,592**	166,741
Total current assets		**440,008**	476,634
Total assets		**580,527**	578,888

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2024

		At 31 December	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Liabilities			
Non-current liabilities			
Lease liabilities		**311**	1,187
Current liabilities			
Trade payables	*13*	**101,195**	115,478
Contract liabilities	*14*	**29,372**	36,314
Other payables and accruals	*13*	**124,308**	124,876
Lease liabilities		**1,018**	1,115
Total current liabilities		**255,893**	277,783
Total liabilities		**256,204**	278,970
Equity			
Share capital		**140,840**	140,840
Other reserves		**1,152,844**	1,161,399
Accumulated losses		**(983,679)**	(1,017,119)
Equity attributable to owners of the Company		**310,005**	285,120
Non-controlling interests		**14,318**	14,798
Total equity		**324,323**	299,918
Total equity and liabilities		**580,527**	578,888

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's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 26 January 2005.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards-Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company (the "**Directors**") anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

4 SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with the Group's internal reporting, the chief operating decision-maker ("**CODM**") 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 (being the CODM) assess the performance of the operating segments based on gross profit. All revenue of the Group are from external customers.

	Red wines *HK$'000*	White wines *HK$'000*	Others *HK$'000*	Total *HK$'000*
2024				
Revenue from contracts with customers	**110,937**	**150,613**	**9,822**	**271,372**
Gross profit	**40,220**	**61,500**	**3,000**	**104,720**
Amounts included in the measure of segment gross profit:				
Impairment allowance of inventories	**(540)**	**(734)**	**(48)**	**(1,322)**
Depreciation and amortisation *(Note)*	**(1,448)**	**(1,966)**	**(128)**	**(3,542)**

4 SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

	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
Amounts included in the measure of segment gross profit:				
Impairment allowance of inventories	(440)	(835)	(16)	(1,291)
Depreciation and amortisation *(Note)*	(1,342)	(1,118)	(98)	(2,558)

Note: Depreciation and amortisation included in the cost of sales of goods.

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

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Gross profit for reportable segments	**104,720**	90,666
Distribution costs	**(49,428)**	(42,489)
Administrative expenses	**(46,893)**	(43,099)
Loss allowance (recognised)/reversed on financial assets – net	**(215)**	397
Other income, other gains and losses – net	**24,485**	13,760
Operating profit	**32,669**	19,235
Finance income – net	**883**	1,412
Profit before income tax	**33,552**	20,647

4 **SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

Segment gross profit represents the profit earned by each segment without allocation of distribution costs, administrative expenses, loss allowance (recognised)/reversed on financial assets – net, other income, other gains and losses – net, and finance income – net. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(a) The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(b) During the years, the following three (2023: 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.

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Customer A	**39,609**	36,796
Customer B	**36,965**	N/A*
Customer C	**33,299**	28,291

* Not applicable ("**N/A**"): the corresponding revenue did not contribute over 10% of the total revenue of the Group.

(c) Substantially all of the sales and non-current assets of the Group were from PRC.

(d) Disaggregation of revenue from contracts with customers:

	Year ended 31 December	
	2024	2023
Types of customers	***HK$'000***	*HK$'000*
Distributorship	**243,325**	226,921
Online sales	**24,649**	27,154
Retails	**3,398**	8,726
Total	**271,372**	262,801

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed. The Group applies the practical expedient of not disclosing the information about its remaining performance obligation when the performance obligation is part of a contract that has an original expected duration of one year or less.

(e) Accounting policy of revenue recognition

The Group manufactures and sells a range of wine products. Revenue is recognised when control of the products has been transferred, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contracts, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The wine products are often sold with reimbursement of marketing expenses to the distributors for the sales transactions conducted under the sales arrangements. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated marketing expense. Accumulated experience is used to estimate and provide for the marketing expense, using the expected value method.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5 EXPENSES BY NATURE

The aggregate of cost of sales of goods, distribution costs and administrative expenses are analysed by nature as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Raw materials and consumables used	**84,899**	153,425
Employee benefit expenses	**70,731**	61,673
Changes in finished goods and work in progress	**21,683**	(39,848)
Advertising, marketing, and other promotion expenses	**20,587**	16,061
Consumption tax of domestic sales and other taxes	**17,157**	18,913
Transportation	**9,880**	9,328
Travelling expenses	**5,702**	5,395
Energy and power costs	**4,575**	5,275
Consultancy and professional fee	**2,826**	4,279
Depreciation of property, plant and equipment	**3,618**	2,587
Auditor's remuneration	**1,682**	2,222
Maintenance expenses	**2,307**	1,943
Depreciation of right-of-use assets	**1,639**	1,855
Impairment allowance of inventories	**1,322**	1,291
Other expenses	**14,365**	13,324
Total	**262,973**	257,723

6 OTHER INCOME, OTHER GAINS AND LOSSES – NET

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Emoluments of former Directors in prior years waived *(a)*	**12,216**	–
Write-off of payables with long ageing	**–**	9,261
Gain on disposal of property, plant and equipment	**1,115**	3,788
Government grants *(b)*	**8,778**	272
Gain on liquidation of an associate *(c)*	**1,480**	–
Others	**896**	439
	24,485	13,760

(a) During the year ended 31 December 2024, the Company entered into deeds of waiver with certain former Directors who agreed to waive their prior years' emoluments accrued by the Company aggregating to HK$12.22 million at HK$1 consideration for each former Director. Based on legal opinion, the deeds of waiver are legally enforceable and the Group has no further obligation to settle the outstanding emoluments upon execution of the deeds of waiver. Therefore, the aforesaid amount was reversed and recognised as a gain in the profit or loss during the year.

(b) During the current year, the Group recognised government grants of HK$8.78 million (2023: HK$0.27 million) related to support for industry and enterprise development.

(c) The carrying amount of the investment in Dynasty Yuma Vineyard (Ningxia) Co., Ltd,* ("**Yuma**") has been reduced to zero since 2012 due to the continuing losses of Yuma. The associate became inactive without any production activities since October 2011 and the liquidation process was substantially completed during the current year, subject to certain administrative procedures, resulting in a liquidation gain amounting to HK$1.48 million.

* *for identification purpose*

7 FINANCE INCOME – NET

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interest income	**948**	1,469
Interest on lease liabilities	**(65)**	(57)
Finance income – net	**883**	1,412

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Current income tax	**12**	39

9 DIVIDEND

On 28 March 2025, the Board recommends the payment of a final dividend of HK0.35 cents per share to the shareholders of the Company for the year ended 31 December 2024.

10 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.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company *(HK$'000)*	**33,440**	21,338
Weighted-average number of ordinary shares in issue *('000)*	**1,408,406**	1,314,952
Earning per share – basic *(HK cents)*	**2.37**	1.62

(b) Diluted earnings per share

The Group had no potential dilutive instruments in issue during the years ended 31 December 2024 and 2023 and the Group's diluted earnings per share is not presented for both financial years.

11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	2024	2023
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**59,806**	35,157
Loss allowance	**(12,458)**	(12,513)
Trade receivables – net	**47,348**	22,644

The Group grants a credit period of 90 days (2023: 90 days) to its customers. The following is an aged analysis of trade receivables – net (including those with related parties) presented based on dates of delivery of goods.

	2024	2023
	HK$'000	*HK$'000*
Up to 90 days	**46,976**	22,229
More than 30 days past due	**158**	242
More than 90 days past due	**214**	173
	47,348	22,644

As at 1 January 2023, trade receivables from contracts with customers amounted to HK$8.63 million.

(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 on trade receivables was HK$12.46 million as at 31 December 2024 (2023: HK$12.51 million).

11 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Other receivables

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

	2024	2023
	HK$'000	*HK$'000*
Non-current		
Deposits paid to e-commerce platform entities	**872**	823
Current		
Expenses to be reimbursed	**864**	2,765
Taxes to be recoverable	**4,024**	2,143
Cash advance to employees and deposits	**389**	369
Advance payments for online promotion expenses	**2,273**	667
Other receivables	**2,462**	2,071
	10,012	8,015
Loss allowance	**(147)**	(150)
	9,865	7,865

(c) Prepayments

	2024	2023
	HK$'000	*HK$'000*
Non-current		
Prepayments for purchase of property, plant and equipment	**–**	6,646
Current		
Third parties	**8,556**	8,560
Related parties	**363**	343
	8,919	8,903
	8,919	15,549

12 NOTES RECEIVABLE

	2024	2023
	HK$'000	*HK$'000*
Bank acceptance bills	**20,009**	34,735

Notes receivable were all bank acceptance bills with maturity dates within 6 months, which are classified as financial assets at fair value through other comprehensive income.

13 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**101,195**	115,478
Other payables and accruals		
– Amount due to a shareholder of the Company *(Note a below)*	**42,404**	42,404
– Amount due to a related party *(Note b below)*	**10,799**	11,035
– Payroll payable	**18,225**	28,381
– Other taxes payables	**15,697**	18,485
– Deposit	**4,400**	4,624
– Others	**32,783**	19,947
	124,308	124,876
	225,503	240,354

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 ("**Tianjin Food**"), is non-trade related, unsecured, interest free and has no fixed terms of repayment.

(b) The amount due to a subsidiary of Tianjin Food, is non-trade related, unsecured, interest free and has no fixed terms of repayment.

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

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

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**41,225**	69,138
31-90 days	**17,602**	7,178
91 to 180 days	**674**	986
Over 180 days	**41,694**	38,176
	101,195	115,478

14 CONTRACT LIABILITIES

	2024	2023
	HK$'000	*HK$'000*
Advances received from distributors	**29,372**	36,314

As at 1 January 2023, contract liabilities amounted to HK$55.86 million.

The Group requests certain customers an advance payment before the delivery of wines products. The Group expects to realise them within one year from the end of the reporting period.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement of annual results have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 2024 increased by 3% to HK$271.4 million (2023 – HK$262.8 million) and the Group's profit attributable to owners of the Company increased by 57% to HK$33.4 million (2023 – HK$21.3 million).

Earnings per share of the Company (the "**Share**") was HK2.37 cents per Share (2023 – HK1.62 cents per Share) based on the weighted average number of approximately 1,408.4 million Shares (2023 – 1,314.9 million Shares) in issue during the year. There was no potential dilutive Share for the year ended 31 December 2024.

The increase in profit attributable to the owners of the Company in 2024 was primarily due to i) operating profit growth benefited from a moderate increase in sales revenue and gross profit, as well as continuous innovation in product and consumption scenarios of the Group in the People's Republic of China (the "**PRC**"); and ii) other gains arising from emoluments of certain former Directors waived of approximately HK$12.2 million during the year. Excluding the non-recurring government grants, write off of payables with long ageing and emoluments of certain former Directors waived, gain on liquidation of an associate, as well as net gain on disposal of properties, plants and equipment, the Company recorded a recurring net profit relating to the principal business of the Group of approximately HK$9.9 million, representing an increase in such recurring net profit by 23% during the year.

Financial review

Revenue

Revenue of the Group is mainly generated from sale of wine products. The Group's total revenue increased from approximately HK$262.8 million in 2023 by 3% to approximately HK$271.4 million in 2024. In terms of Renminbi ("**RMB**"), the revenue grew by about 5% during the year. The growth in revenue was mainly contributed by the improvement in sales mix of products, especially moderate increase in middle-end wine products, during 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 kept stable to approximately 10.4 million in 2024 (2023 – approximately 10.3 million).

Benefited from new consumption scenario and continuing effort from "Dry White Wine Strategy in Coastal Regions" in the PRC, sales of white wine 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 41% and 56% of the revenue respectively for the year (2023: red and white wines: approximately 52% and 44% respectively).

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:

	2024	2023
	%	*%*
Cost of raw materials		
– Grapes and grape juice	**46**	49
– Yeast and additives	**2**	2
– Packaging materials	**20**	22
– Others	**1**	1
Total cost of raw materials	**69**	74
Manufacturing overheads	**22**	17
Consumption tax and other taxes	**9**	9
Total cost of sales of goods	**100**	100

The principal raw materials required by the Group for 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 46% of the Group's total cost of sales, and decreased during the year as compared with approximately 49% in 2023 mainly due to control in purchase costs 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 increased as compared with 2023, mainly due to increase in wages and materials consumed.

Gross profit margin

Margin is calculated based on cost of sales inclusive of consumption tax and gross sales. The overall gross profit margin increased to 39% in 2024 (2023 – 34%), mainly due to control in production costs and reduction in certain reimbursement of market expenses under sales arrangement during the year.

The gross margin of red wine products and white wine products in 2024 were 36% and 41% respectively (2023 – 32% and 38% respectively).

Other income, other gains and losses – net

Other income, other gains and losses mainly comprises of emoluments of certain former Directors in prior years waived, write-off of payables with long ageing, gain on disposal of obsolete products and property, plant and equipment and government grants or subsidies related to industry and enterprise development.

Other income, other gains and losses for the year ended 31 December 2024 represented a net gain of approximately HK$24.5 million (2023 – approximately HK$13.8 million). The increase in net gain was mainly due to emoluments of certain former Directors in prior years waived of approximately HK$12.2 million and an increase in government grants related to support for industry and enterprise development amounting to approximately HK$8.5 million received during the year, while there was no write-off of payables with long ageing in the year (2023 – approximately HK$9.3 million).

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 18% (2023 – 16%) of the Group's revenue. The increase in distribution costs and costs to revenue ratio were mainly due to the need for strengthening marketing support and promotion, especially for launch of new products, 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 that 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 accounted for approximately 17% (2023 – 16%) of the Group's revenue. The slight increase in ratio and amounts was mainly attributable to increase in staff costs and office expenses.

Finance income – net

During the year, finance income – net decreased mainly due to a drop in bank interest income compared with 2023.

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 financial 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 2024, investing and operating activities were the Group's main source of cash outflow.

The decrease in net cash outflow from operating activities from approximately HK$11.1 million in 2023 to approximately HK$9.9 million in 2024 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$10.8 million in 2023 to approximately HK$29.4 million in 2024 was mainly because of increase in construction costs related to completion of Ningxia Tianxia Winery project during the year.

The cash flow from financing activities changed from net inflow of approximately HK$29.8 million in 2023 to net outflow of approximately HK$1.0 million in 2024 because placing of new shares did not take place during the year to provide proceeds, while such placing contributed the fund raising in 2023.

Financial management and treasury policy

For the year ended 31 December 2024, 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 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 2024, the moderate increase in revenue was primarily due to the improvement of sales benefited from the gradual economic recovery and continuous innovation in product and consumption scenarios of the Group.

During the year, the Group continued to implement a product and channel strategic reform. 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 national tour tasting and business events, new products launch ceremonies at the time when various exhibitions and wine fairs were held, as well as promotion event in Hong Kong, 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 Jia Chen Year of Dragon, integrating the high quality wine with the Chinese zodiac culture and the leading rise of Chinese-style fashionable products.

Based on its existing high-quality products, the Group continues to introduce new products and promote product upgrades. It launched a new product, Inherit Series "Passing on the Glory, Continuing the Brilliant Heritage", at the 110th China Food & Drinks Fair in March 2024, as well as other new products launched in the year such as Long Yun Series, Cabernet Reserve, etc., to further improve its product matrix and provide consumers with diverse consumption choices. 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 who are proud of their culture, help strengthen awareness of the Dynasty brand and attract mainstream consumers fancying China-made products and China chic.

In addition to enriching the product matrix, the Group has been accelerating the innovation of consumption scenarios and enhancing and strengthening the wine cultural experience. In June and July 2024, Dynasty Starry Wine Bars were officially opened in Tianjin, the base of Dynasty. Starry Wine Bar is a pop-up offline bar meticulously designed by Dynasty to innovate the product experience, meet the diversified needs of consumers, and create new consumption scenarios in the country. It is committed to making consumers feel the warmth of the brand and recognise the value of the brand, thereby attracting more consumers through innovation.

During the year, the Group continued to develop the "Dynasty Tavern" through online channels, creating a series of product promotion articles on the WeChat official account of Dynasty Wines, and promoting Dynasty's major mainstream products using new media formats. In addition, it integrated the night market environment to expand various wine drinking scenarios and promote Dynasty's younger products.

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.

Through innovation in product and consumption scenarios, the Group continues to enhance its product and brand influence.

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 interest-based e-commerce platforms, including Rednote（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 cultivates e-commerce live broadcasting talents to further expand its sales channels so as to build up a new customer base.

The Group continues investing resources in a timely manner for improvement of the online sales channels and optimisation of online stores interface so as to capture the change of customer consumption behaviour in the PRC. During the year, the Group kept promoting the exclusive products series for e-commerce platforms through channels such as live streaming or broadcasting, in addition to mere presence on mainstream traditional e-commerce platforms which kept growing. Efforts have been made by the Group to consolidate the existing channels and improve their effectiveness as well as the profitability on its interest-based e-commerce coverage. Thus, the e-commerce sales consolidated with a certain decrease during the year, but a prominent improvement has been made with an overall profit achieved when compared with last year. The Group believes that the online platforms not only serve as business-to-customer trading platforms between the Group and the consumers, but also additional marketing and promotion channels for the brand, which can enhance the overall business potential of the Group.

Awards

During the year, the Group had boasted brilliant results in major wine appraisal competitions. Among the numerous awards, "Dynasty Jin. Y Brandy XO barrel-aged 18 years" has won the Gold Award, which was its first Gold at the 2024 International Wine & Spirit Competition ("**IWSC**"). The competition is considered the international standard for wine and spirits quality and is known as the "Olympics of the wine world". "Dynasty Jin. Y Brandy VSOP barrel-aged 8 years" has also won the Gold Award at the France International Spirits Awards (**FISA**) China region, Spring 2024. These brandies stood out from other entries for their elegant aroma, smooth body and round taste, and won the awards at the competitions, showing the charm and strengths of Chinese brandy to the world. In addition, the Group's "Golden Dynasty Dry Red Wine" won the Bronze Award at this year's IWSC for its excellent quality. "Golden Dynasty Dry White Wine" has also won the Silver Award at the France International Wine Awards (**FIWA**) China region, Spring 2024.

"Dynasty 5 Degree Anniversary Sparkling Wine" and "Dynasty Inherit Series – Semi Dry White Wine" have won the Silver Medal in the Sparkling Wine/China category and the Bronze Medal in the Medium/China category at the 2024 Cathay Hong Kong International Wine & Spirit Competition ("**HKIWSC**"). This is the 14th consecutive year that Dynasty products have won awards at the event. In addition, the award-winning "Dynasty 5 Degree Anniversary Sparkling Wine" and "Dynasty Inherit Series – Semi Dry White Wine" also won the Silver Medal in the Chinese Sweet Wine and Other Spirits category and the Grand Gold Medal in the Chinese Blended Dry White Wine category at the "2024 Fall FIWA, FIWA Bio & FISA".

Research and Technology

The Group is committed to maintaining high standard of research and technology which is 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 enabled 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 continuously identifies new suppliers that comply with the quality requirements, and the Group conducts thorough tests on their grape juices before orders are 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 through its subsidiaries in Ningxia and Xinjiang during the year which 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 planned to increase the direct sourcing of quality grapes harvested from Ningxia and Xinjiang regions. Following the opening of Tianxia Winery in Ningxia in the third quarter of the year, it has commenced trial run of 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 and processing capacity

Following the completion of set up of facilities in Tianxia Winery at Ningxia, as at 31 December 2024, the Group's annual production and processing capacity increased to 55,000 tonnes (2023 – 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.

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

On 31 July 2023, the Group completed the issue of Shares under general mandate, the total gross funds raised amounted to approximately HK$39.7 million, and the net proceeds, after deduction of the placing agent fee and other related expenses of the issue, were approximately HK$37.8 million ("**Net Proceeds**").

As at 31 December 2024, the Net Proceeds raised for i) developing a new winery in Ningxia Hui Autonomous Region, the PRC of HK$18.9 million; and ii) promotion and marketing campaigns at the core markets of the Company and other general corporate purposes of HK$18.9 million has been fully utilised in the year.

Construction completion of Ningxia Tianxia Winery (Phase I)

On 26 January 2024, 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 decoration and installation 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 of the Company (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 (as it was referred to in the discloseable transaction announcement of the Company dated 30 November 2023) and the 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.

The Group completed the development of the first phase of Tianxia Winery and its ancillary premises, located in the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Ningxia, in the third quarter of the year. The winery is situated nearby Eastern foothill of Helan mountain, Ningxia, which is one of the key quality grape producing regions in the PRC. It integrates pressing, fermentation, processing, testing and research and development as a whole, with an annual production and processing capacity of 5,000 tonnes. Pressing, fermentation, processing facilities had a trial-run in the third quarter of 2024. The winery will 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 aligning with the overall planning and industry planning for the development of China’s wine industry.

Potential asset compensation

As of 16 December 2024, certain of the Group’s assets (the “**Assets**”) including manufacturing equipment and systems were installed on the site (the “**Site**”) of a connected person of the Company (the “**Site Owner**”) in Tianjin, the PRC. The Group had been informed by the Site Owner that the Site (including the Assets) would be subject to expropriation and demolition for local re-development. In this regard, the Group is currently negotiating with the Site Owner regarding the compensation (the “**Compensation**”) payable to the Group as regards the Assets. However, as at the date of this announcement, no legally binding agreement has been entered into between the parties.

Formation of joint venture company in Jiangsu

On 18 December 2024, Sino-French Joint-Venture Dynasty Winery Company Limited (“**Dynasty Winery**”), a wholly-owned subsidiary of the Company, and Jiangsu Jiu Zhongxian Winery Co Ltd.*（江蘇酒中先酒業有限公司）(“**Jiu Zhongxian**”) entered into a joint venture cooperation agreement in respect of the formation of the joint venture company in the PRC for the manufacturing and sales of yellow wine（黃酒）and Chenpi wine（陳皮酒）in Dongtai City, Jiangsu Province, the PRC, subject to the conditions set forth in the joint venture cooperation agreement. Pursuant to the joint venture cooperation agreement, the total registered capital shall be RMB58.8 million (equivalent to approximately HK$63.5 million), in which 51.02% (i.e. RMB30 million (equivalent to approximately HK$32.4 million)) shall be contributed by Dynasty Winery and the remaining 48.98% (i.e. RMB28.8 million (equivalent to approximately HK$31.1 million)) shall be contributed by Jiu Zhongxian. The abovementioned joint venture company in Jiangsu, namely Dynasty Fine Wines (Jiangsu) Co., Ltd.*（王朝酒業（江蘇）有限公司）, has been established in February 2025, and accounted for as a subsidiary of the Group.

It is intended that the joint venture company will acquire a parcel of land in the Green Food Industrial Park in Sancang Town, Dongtai City, Jiangsu Province, the PRC, for construction of a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine. For details, please refer to discloseable transaction announcement of the Company dated 18 December 2024. The capital expenditure of the construction project is estimated at about RMB48 million (equivalent to approximately HK$51.8 million).

Formation of joint venture company in Guizhou

On 20 December 2024, Dynasty Winery and Guizhou Province Maotai Town Guowei Winery Group Co., Ltd.*（貴州茅台鎮國威酒業（集團）有限責任公司）(“**Guowei Company**”) entered into a joint venture cooperation agreement in respect of the formation of the joint venture company in Renhuai City, Guizhou Province, the PRC for trading of sauce-flavour baijiu products nationwide. Pursuant to the joint venture cooperation agreement, the total registered capital amount shall be RMB10 million (equivalent to approximately HK$10.81 million), in which 51.0% (i.e. RMB5.1 million (equivalent to approximately HK$5.51 million)) shall be contributed by Dynasty Winery and the remaining 49.0% (i.e. RMB4.9 million (equivalent to approximately HK$5.3 million)) shall be contributed by Guowei Company. The abovementioned joint venture company in Guizhou, namely Dynasty Fine Wines (Renhuai) Co., Ltd.*（王朝酒業（仁懷）有限公司）, has been established in February 2025, and accounted for as a subsidiary of the Group.

During 9 months after formation of the joint venture company, Dynasty Winery shall procure third party(ies) to acquire the option interests (being 39% interests of the joint venture company as held by Guowei Company), failing which Dynasty Winery shall acquire the same (being the put option). Upon the exercise of the put option, the joint venture company shall be held as to 90% by Dynasty Winery and 10% by Guowei Company.

For details, please refer to announcement of the Company dated 20 December 2024.

The formation of the both joint venture companies can leverage on the respective professional edges of the Group and joint venture partners. This will also enhance the Group’s further development of new alcoholic beverages, thereby diversifying the Group’s source of revenue, enhancing the scale of its business and the “Dynasty” brand influence.

Increase in shareholding by a controlling shareholder of the Company

Referring to the announcement of the Company dated 23 December 2024, 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 40.92% of the issued shares of the Company as at the date thereof, had informed the Company that Tianjin Food planned to increase its shareholding in the Company. The Board had been informed that Tianjin Food intended to 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, 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 was approximately 40.92%, being the same as its shareholding percentage as at the date of the announcement. Subsequent to that announcement and up to 31 December 2024, Chenhai Investment Limited, an indirect wholly-owned subsidiary of Tianjin Food had purchased 26,000,000 ordinary shares of the Company, equivalent to approximate 1.85% 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 2024 to the date of this announcement.

Prospects and future plans

Looking ahead to 2025, the Group will continue to focus on market and consumer demand, reinvent consumption scenarios and promote product quality. At the same time, the Group will continue to innovate marketing strategies to stimulate brand vitality, further expand the market share of Dynasty's products, strengthen Dynasty's brand image as a representative of domestic wines, and set a benchmark for the Chinese wine industry, 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. Following the completion of Tianxia Winery (Phase I) in Ningxia, related new quality wines brewed from locally sourced premier grapes and grape juice will be launched, heeding different market and consumer demands.

* *for identification purpose*

In addition to our commitment to core wine business in the PRC, the Group will further develop new alcoholic beverages segments such as sauce-flavour baijiu, yellow wine and special yellow wine – Chenpi wine, through the newly set up joint venture companies in 2025, so as to diversify the sources of revenue. The contributions of total capital of joint venture companies in Jiangsu and Guizhou by Dynasty Winery mentioned above are financed by internal resources of the Group.

The establishment of these new joint venture companies aims to effectively implement Dynasty's strategic plan, further improving the industrial layout, expanding category tracks, tapping into industry potential, creating new performance growth points, and realising Dynasty Group's transformation into a full category, full industry-chain enterprise.

For the sauce-flavour baijiu segment, Dynasty Group's strategic involvement in this field is an attempt to break through the current wine category innovation. By integrating upstream and downstream related parties to jointly establish a new company, we construct a business model of benefit sharing, risk sharing, continuous cooperation and innovation mechanism. Dynasty sauce-flavour baijiu products, namely 'Han（漢）', 'Tang（唐）', 'Song（宋）' and 'Ming（明）' are newly launched to the market, satisfying the needs of customer groups with different spending habits and contributing to the Group's business. In the future, the continuous development and expansion of the sauce-flavour baijiu industry and the enduring improvement of the level of customer groups will inevitably and effectively drive the increase in the sales scale of Dynasty wine and related products, thereby enhancing our industry influence and brand awareness.

For the yellow wine project, construction of a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine in Jiangsu will be kick-started by the joint venture company in the first half of 2025. The plan starts with special yellow wine – Dongtai Chenpi Wine with a goal to effectively expand product categories, seize development opportunities in the Chinese yellow wine industry, and achieve a major strategic move towards high-quality development of the wine industry.

In view of the continual resumption of economic growth and consumption in the PRC, the Board currently remains cautiously optimistic on the business in 2025. The Group will continue to proactively develop new marketing prospects through innovation in products categories and consumption scenarios, and cross-industry co-operations in order to boost sales volume, which is in line with the country's effort to promote domestic consumption and release the consumption growth potential.

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 the Group's 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 programs 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 or remuneration, 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 243 (including Directors) (2023 – 238) in Hong Kong and the PRC as at 31 December 2024. The total salaries and related costs (including the Directors' fees) for the year ended 31 December 2024 amounted to approximately HK$70.7 million (2023 – HK$61.7 million). During the year, the staff costs increased mainly as a result of increment of basic and performance-based remunerations and increase in casual labour for production.

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 2024, the Group's cash and short-term deposits with maturity up to three months amounted to HK$122.1 million (2023 – HK$166.2 million). The decrease was mainly attributed to the settlement of trade and other payables and related payments for additions to construction of Ningxia winery project during the year. The Company has sufficient financial resources and adequate cash position for satisfying the working capital requirements of business development, operations and capital expenditures. The capital contribution or expenditures in relation to set up of joint ventures companies, including construction of winery plant in Jiangsu or any new investment opportunities, shall 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$122.1 million (2023 – HK$166.2 million) as at 31 December 2024, 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 2024, the Group's gearing ratio (expressed as total liabilities divided by total assets, in percentage) was approximately 44% (2023 – 48%). The Group's gearing ratio decreased and maintained at a sound level.

As at 31 December 2024, the market capitalisation of the Company was approximately HK$774.6 million (2023 – approximately HK$591.5 million).

Capital commitments, contingencies and charges on assets

As at 31 December 2024, the Group had no capital expenditure in respect of construction in progress contracted for but not recognised as liabilities (2023 – HK$24.2 million) and there was no charge on assets of the Group.

The Group had no contingent liabilities as at 31 December 2024 (2023 – nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2024, except for the forthcoming establishment of joint venture companies with Jiu Zhongxian and Guowei Company mentioned above, as well as the ongoing liquidation processes of a non-major associate in Ningxia and a non-major non-wholly owned subsidiary in Shandong, the Group had not made any material acquisitions or disposal of subsidiaries, associates or joint ventures. Details of such liquidation process are set as below:

The Group held a 25% equity interest of an associate in Ningxia. The carrying amount of the investment in the associate has been reduced to zero since 2012. Raw wines of approximately HK$1.6 million has been received as compensation after the proceedings by the local court in September 2024. The liquidation process has been substantially completed during the year, but still subject to certain administrative procedures.

The Group held a 65% equity interest in a subsidiary in Shandong. Except for the cash balance, the carrying amount of the investment in the subsidiary had been fully impaired in previous years. The liquidation application related to the subsidiary had been accepted in August 2024 per notification by the local court in November 2024.

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, where a number of imported wines competitors have entered the markets, while local competitors are grabbing 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 and China cultural products to diversity product mix; and product series which are focused on the all-level product price range and targeted at consumers fancying domestic-made products and China Chic.

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 policy prohibiting civil servants from consuming alcoholic beverages during the workdays continues to be in place. As a result, 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 looking for optimised channels for mass market (such as banquets and gatherings) and product strategies 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 its 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 solar panels, 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 in line with the commercial goals of the Group.

During the year ended 31 December 2024, the Group has complied with the 'comply or explain' provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. Information about the Company's ESG policies and performance during the year are set out in the ESG Report published at the same time as the annual report.

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 legal 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 is committed 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 2024, 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 Board has resolved to recommend the payment of a final dividend of HK0.35 cents per Share to the shareholders of the Company for the year ended 31 December 2024 on the basis of annual recurring net profit.

This dividend distribution proposal shall be subject to the consideration and approval at the Company's annual general meeting ("**AGM**"), and the final dividend is expected to be distributed to shareholders on or around 15 August 2025. The Company has no treasury Shares.

The notice of the AGM will announce the date of the AGM and details of relevant book closure of Shares as regards attendance of AGM, as well as the arrangement of book closure of Shares for the final dividend.

Purchase, sale or redemption of the Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any Shares during the year ended 31 December 2024.

Compliance with the Corporate Governance Code

The Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the year ended 31 December 2024. The current practices will be reviewed regularly to follow the latest practices in corporate governance.

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 "**Mode Code**"). The Company has made specific enquiry of all Directors and that all 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 2024.

Audit Committee

During the year ended 31 December 2024, the Audit Committee comprised three independent non-executive Directors, the chairman of the Audit Committee was Mr. Yeung Ting Lap Derek Emory and the other members were Mr. Sun David Lee and Ms. Chung Wai Hang, who together have substantial experience in audit, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has reviewed the Group's financial and accounting policies and practices, and the Group's financial statements for the year ended 31 December 2024 in conjunction with the Company's auditors and reviewed the risk management and internal control systems 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 2024, which contains the detailed results and other information of the Group for the year ended 31 December 2024 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 AGM will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course.

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 year.

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

Tianjin, 28 March 2025

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, Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li, and three independent non-executive Directors, namely, Mr. Yeung Ting Lap Derek Emory, Mr. Sun David Lee and Ms. Chung Wai Hang.