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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 9% to approximately HK$122.8 million (30 June 2024: HK$135.3 million).
- Profit attributable to owners of the Company decreased by 56% to approximately HK$8.2 million (30 June 2024: HK$18.5 million).
- Basic earnings per share was approximately HK0.58 cents (30 June 2024: HK1.31 cents).

The board (the "**Board**") of directors (the "**Directors**") of Dynasty Fine Wines Group Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2025 together with the comparative figures for the corresponding period of 2024. The unaudited interim results for the first half year of 2025 have been reviewed by the audit committee of the Company (the "**Audit Committee**"). All Audit Committee members, including the chairman of the Audit Committee, are independent non-executive Directors.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2025	2024
	Notes	***HK$'000***	*HK$'000*
Revenue from contracts with customers	*5*	**122,775**	135,347
Cost of sales of goods		**(75,498)**	(86,580)
Gross profit		**47,277**	48,767
Other income, other gains and losses – net		**6,500**	8,273
Loss allowance recognised on financial assets – net		**(494)**	(4,247)
Distribution costs		**(27,855)**	(21,442)
Administrative expenses		**(17,966)**	(14,307)
Operating profit	*6*	**7,462**	17,044
Finance income – net		**272**	934
Profit before income tax		**7,734**	17,978
Income tax expense	*7*	**(5)**	–
Profit for the period		**7,729**	17,978
Profit/(loss) attributable to:			
Owners of the Company		**8,172**	18,510
Non-controlling interests		**(443)**	(532)
		7,729	17,978
		HK cents	*HK cents*
Earnings per share attributable to owners of the Company for the period			
– Basic and diluted earnings per share	*9*	**0.58**	1.31

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Profit for the period	**7,729**	17,978
Other comprehensive income/(expenses):		
Item that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**5,703**	(2,619)
Total comprehensive income for the period	**13,432**	15,359
Total comprehensive income/(expenses) for the period is attributable to:		
– Owners of the Company	**13,417**	16,134
– Non-controlling interests	**15**	(775)
	13,432	15,359

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
		2025	2024
		Unaudited	Audited
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**113,034**	118,209
Right-of-use assets		**24,987**	21,438
Deposits		**885**	872
Investment in an associate		**–**	–
Deferred income tax assets		**–**	–
Total non-current assets		**138,906**	140,519
Current assets			
Inventories		**220,223**	231,275
Trade receivables	*10*	**52,002**	47,348
Notes receivable	*11*	**607**	20,009
Other receivables		**12,797**	9,865
Prepayments		**13,029**	8,919
Cash and bank balances		**86,244**	122,592
Total current assets		**384,902**	440,008
Total assets		**523,808**	580,527

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at	
		30 June	31 December
		2025	2024
		Unaudited	Audited
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**–**	311
Current liabilities			
Trade payables	*12*	**47,717**	101,195
Contract liabilities		**18,614**	29,372
Dividend payable		**4,929**	–
Other payables and accruals		**101,248**	124,308
Lease liabilities		**702**	1,018
Financial liability at fair value through profit or loss		**4,277**	–
Total current liabilities		**177,487**	255,893
Total liabilities		**177,487**	256,204
EQUITY			
Share capital		**140,840**	140,840
Other reserves		**1,153,160**	1,152,844
Accumulated losses		**(975,507)**	(983,679)
Equity attributable to owners of the Company		**318,493**	310,005
Non-controlling interests		**27,828**	14,318
Total equity		**346,321**	324,323
Total equity and liabilities		**523,808**	580,527

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 principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and sale of wine products.

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

The condensed consolidated interim financial information was approved for issue by the Board on 28 August 2025. These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

These unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the HKICPA.

Two joint-venture companies Dynasty Fine Wines (Jiangsu) Co., Ltd.*（王朝酒業（江蘇）有限公司）and Dynasty Fine Wines (Renhuai) Co., Ltd.*（王朝酒業（仁懷）有限公司）were established during the period and accounted for as subsidiaries of the Group.

The accounting treatments, accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of amendments to HKFRSs which effective for the financial year beginning on or after 1 January 2025.

Except as disclosed below, there are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

2.2 Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Standards	**Subject**
Amendments to HKAS 21	Lack of Exchangeeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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 interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

There have been no changes in any risk management policies.

3.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

3.3 Other risk factors and fair value estimation

All other aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2024.

4 ESTIMATES

The preparation of interim financial statements requires the management of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by the management of the Company in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

In addition, the loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5 SEGMENT INFORMATION

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 baijiu. 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.

	Unaudited			
	Red wines	**White wines**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2025				
Revenue from contracts with customers	**50,708**	**66,381**	**5,686**	**122,775**
Gross profit	**19,234**	**26,162**	**1,881**	**47,277**
Amounts included in the measure of segment gross profit:				
Impairment allowance of inventories	**212**	**212**	**–**	**424**
Depreciation and amortisation (Note)	**(575)**	**(753)**	**(64)**	**(1,392)**
Six months ended 30 June 2024				
Revenue from contracts with customers	60,265	69,099	5,983	135,347
Gross profit	20,160	28,409	198	48,767
Amounts included in the measure of segment gross profit:				
Impairment allowance of inventories	–	–	–	–
Depreciation and amortisation (Note)	(859)	(985)	(85)	(1,929)

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:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Gross profit for reportable segments	**47,277**	48,767
Other income, other gains and losses – net	**6,500**	8,273
Loss allowance recognised on financial assets – net	**(494)**	(4,247)
Distribution costs	**(27,855)**	(21,442)
Administrative expenses	**(17,966)**	(14,307)
Operating profit	**7,462**	17,044
Finance income – net	**272**	934
Profit before income tax	**7,734**	17,978

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 period, the following one (2024: one) external customer contributed more than 10% of the total revenue of the Group. These revenues were attributed to the red wine and white wine segments.

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
Customer A	**25,312**	22,572

(c) Substantially all of the sales and non-current assets of the Group were from the People's Republic of China (the "**PRC**").

(d) Disaggregation of revenue from contracts with customers

	Unaudited	
	Six months ended 30 June	
Types of customers	**2025**	2024
	HK$'000	*HK$'000*
Distributorship	**112,467**	123,857
Online sales	**8,324**	9,954
Retails	**1,984**	1,536
Total	**122,775**	135,347

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.

6 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Unaudited Six months ended 30 June **2025** ***HK$'000***	 2024 *HK$'000*
Employee costs comprising:		
– salaries, other allowance and benefits	**20,983**	20,552
– contributions to retirement benefits scheme	**2,925**	2,701
Total employee costs including directors' emoluments	**23,908**	23,253
Depreciation of property, plant and equipment	**1,999**	2,006
Depreciation of right-of-use assets	**332**	974
Government grants	**(544)**	(6,675)
Net gain on disposal of property, plant and equipment	**(1,499)**	(545)
Write-off of payables with long ageing	**(3,718)**	–
Loss allowance recognised on financial assets – net	**494**	4,247

7 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June **2025** ***HK$'000***	 2024 *HK$'000*
Current income tax:		
Corporate income tax	**5**	–
Deferred income tax	**–**	–
Income tax expense	**5**	–

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

Provision for the PRC income tax has been made at the applicable rate on the estimated assessable profit for the period for each of the Group's subsidiaries. The applicable rate is principally 25% (2024: 25%).

8 DIVIDENDS

During the current interim period, a final dividend of HK0.35 cents per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: HK$ nil) was declared and distributable out of share premium to owners of the Company. The aggregate amount of the final dividend declared and payable amounted to approximately HK$4,929,000 (six months ended 30 June 2024: HK$nil).

9 EARNINGS PER SHARE

The calculation of the basic earnings per share of the Company (the "**Share**") is based on the profit attributable to the owners of the Company of HK$8,172,000 (2024: HK$18,510,000) and the weighted average number of 1,408,406,000 Shares in issue during the six months ended 30 June 2025 (2024: 1,408,406,000 Shares).

As the Group had no dilutive instruments during the six months ended 30 June 2025 and 2024, the Group's diluted earnings per Share equal to its basic earnings per Share for the six months ended 30 June 2025 and 2024.

10 TRADE RECEIVABLES

	Unaudited 30 June 2025 *HK$'000*	Audited 31 December 2024 *HK$'000*
Trade receivables from contract of customers	**65,150**	59,806
Loss allowance	**(13,148)**	(12,458)
Trade receivables – net	**52,002**	47,348

The Group granted a credit period of 90 days (31 December 2024: 90 days) to its customers. The following is an ageing analysis of the trade receivables – net (including amounts due from related parties of trading in nature) presented based on dates of delivery of goods:

	Unaudited 30 June 2025 *HK$'000*	Audited 31 December 2024 *HK$'000*
Up to 90 days	**51,300**	46,976
More than 30 days past due	**617**	158
More than 90 days past due	**85**	214
	52,002	47,348

The carrying amounts of the Group's trade receivables were principally denominated in Renminbi ("**RMB**").

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance on trade receivables as at 30 June 2025 amounted to HK$13,148,000 (31 December 2024: HK$12,458,000).

11 NOTES RECEIVABLE

	Unaudited	Audited
	30 June	31 December
	2025	2024
	HK$'000	*HK$'000*
Bank acceptance bills	**607**	20,009

As of 30 June 2025, notes receivable amounted to HK$607,000 (31 December 2024: HK$20,009,000) were bank acceptance bills with maturity dates within 6 months, which were classified as financial assets at fair value through other comprehensive income. The Group believes that bank acceptance bills do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair values of the notes receivables are minimal due to its short-term nature.

12 TRADE PAYABLES

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

	Unaudited	Audited
	30 June	31 December
	2025	2024
	HK$'000	*HK$'000*
0–30 days	**16,868**	41,225
31–90 days	**2,093**	17,602
91–180 days	**1,250**	674
Over 180 days	**27,506**	41,694
	47,717	101,195

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group's revenue for the six months ended 30 June 2025 decreased by 9% to approximately HK$122.8 million (2024: HK$135.3 million) and the Group's profit attributable to the owners of the Company decreased by 56% to approximately HK$8.2 million (2024: HK$18.5 million).

Earnings per share of the Company (the "**Share**") for the six months ended 30 June 2025 was approximately HK0.58 cents per Share (2024: approximately HK1.31 cents per Share) based on the weighted average number of approximately 1,408 million Shares (2024: approximately 1,408 million Shares) in issue during the period under review. There was no potential dilutive Share for the six months ended 30 June 2025.

In the first half of 2025, the decrease in profit was primarily due to i) reduction in operating profit from a moderate decrease in sales revenue amid the impact of macroeconomy as well as fluctuations in consumer market in the PRC; and ii) increase in marketing and promotion expenses during the period ended 30 June 2025.

Shareholders and investors should note that the financial information given in this interim results announcement has not been audited.

Financial review

Income Statement

Revenue

Revenue of the Group is mainly generated from sale of wine products. For the six months ended 30 June 2025, total revenue of the Group moderately decreased by 9% to approximately HK$122.8 million from approximately HK$135.3 million in the corresponding period in 2024. The decline in revenue was mainly attributable to the decrease in sales volume of products, especially high-end wine products. The total number of bottles of wine sold decreased to approximately 4.8 million (2024: approximately 5.2 million) during the period, while the Group's average ex-winery sale price of red and white wine products under the "Dynasty" brand (in Renminbi ("**RMB**")) during the period under review remained stable.

With stronger effort for dry white market in coastal region and the new launch of products of white wine and sparkling wine, sales of white wine products maintained a good momentum over the period and served as the Group's primary revenue contributor. Sale of red and white wines products accounted for approximately 41% and 54% respectively for the period under review (2024: red and white wines: approximately 45% and 51% respectively).

Cost of sales of goods

For the six month ended 30 June 2025, the total cost of sales of goods decreased by 13% to HK$75.5 million (2024: HK$86.6 million).

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

	Unaudited For the six months ended 30 June	
	2025	2024
	%	*%*
Cost of raw materials		
– Grapes and grape juice	**47**	47
– Yeast and additives	**2**	2
– Packaging materials	**21**	21
– Others	**1**	1
Total cost of raw materials	**71**	71
Manufacturing overheads	**18**	20
Consumption tax and other taxes	**11**	9
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 period under review, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 47% of the Group's total cost of sales which remained stable (2024: 47%).

Manufacturing overheads primarily consisted of delivery charge, 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 process. During the period under review, the portion of manufacturing overheads in the cost of sales decreased from approximately 20% in the same period of 2024 to approximately 18%, mainly due to decrease in delivery charge, utilities and supplies cost.

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% for the six months ended 30 June 2025 from 36% for the corresponding period in 2024, mainly due to optimisation of product mix during the period.

During the period under review, the gross profit margin of red wine products and white wine products were 38% and 39% respectively (2024: 33% and 41% respectively).

Other income, other gains and losses – net

Other income, other gains and losses were mainly comprised of gain on disposal of obsolete products and staff quarter, write-off of payables with long ageing and government grant or subsidies related to enterprise development.

Other income, other gains and losses for the six months ended 30 June 2025 represented a net gain of approximately HK$6.5 million (2024: net gain of approximately HK$8.3 million). The decrease in the income was mainly due to decrease in government grant, partially offset by an increase in write-off of long ageing payables and a gain on disposal of staff quarter during the period under review, while in the corresponding period in 2024 there was a one-off government grants related to support for industry and enterprise development amounting to approximately HK$6.7 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 period under review, distribution costs accounted for approximately 23% (2024: 16%) of the Group's revenue. The distribution costs to revenue ratio increased because of increase in investment in marketing resources, especially for promotion in e-commerce business and Shanghai and Tianjin, the PRC, compared with the corresponding period last year. The Group continued to promote and market its brand and new 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 comprised salaries and related personnel expenses for administrative, finance and human resources departments, legal and professional fees, depreciation and amortisation expenses, impairment allowance and other incidental administrative expenses.

During the period under review, administrative expenses as a percentage of the Group's revenue accounted for 15% (2024: 11%). The increase in ratio was mainly contributed by increases in staff and related personnel expenses, repair and security fee as well as professional fee while there was a decrease in revenue during the period.

Finance income – net

During the period under review, finance income – net of approximately HK$0.3 million (2024: approximately HK$0.9 million) decreased mainly due to a drop in interest income compared with the corresponding period in 2024.

Income tax expense

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

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.

Financial management and treasury policy

For the six months ended 30 June 2025, the Group's revenue, expenses, assets and liabilities were substantially denominated in RMB. The funding from the operation 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 current operations 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 achieves the highest practicable returns while heeding the need to preserve capital and assure liquidity.

Business review

Sales analysis

A. Distributorship and corporate activities

For the six months ended 30 June 2025, the moderate decrease in revenue was primarily impacted by macroeconomy as well as fluctuations in consumer market in the PRC. The business and sales of the Group had a mild recovery in the first quarter but followed by fluctuations in the second quarter of the year.

During the period under review, the Group continued to implement a sales and marketing reform, as well as product and channel strategies. The Group pressed ahead with its mass-scale marketing campaign showcasing in the core points of sale, hosting wine tasting events and organising plant 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 as well as promotion activities for the 20th anniversary of listing 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 period under review, the Group continued launching new products and carrying out product upgrade, that can better suit different palates, and 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 representative of domestic grape wine brand.

The Group produces 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 period under review, the Group launched a new high-end product, i.e. Dynasty Chinese Zodiac Commemorative Dry Red Wine for the Yi Si Year of Snake, integrating with the Chinese zodiac culture and the leading rise of Chinese-style fashionable products, by presenting the zodiac culture in a youthful visual language to attract potential consumers. During this period, the Group continued strengthening cooperation with the wine association and carried out activities such as “Dragon University Tours” to further expand in the brand’s awareness and reputation among young people.

Based on its existing high-quality products, the Group continues to introduce new products and promote product upgrades. The Group participated in the 112th China Food & Drinks Fair in March 2025, introducing new products such as Tianyang Tea-flavoured wine series, Dynasty Baifu VSOP brandy, etc., to further improve its product matrix and provide consumers with diverse consumption choices. Breaking through from the constraints of traditional wine, this tea-flavoured wine series, with its core concept of “tea and wine fusion,” has captured market attention with its unique craftsmanship. Based on white wine, this Tea-flavoured wine infuses the aromas of jasmine and Pu’er tea, creating a new oriental flavour within the traditional sparkling wine landscape. During the China Food & Drinks Fair, the Group also held wine-tasting events, where the new wines from Dynasty Tianxia Winery won industry praise for their unique flavor and exquisite craftsmanship.

During the period under review, 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 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 operated online stores on 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 RED（小紅書 app), Kuai（快手 app) and TikTok（抖音 app) during the period under review. The Group's autonomous brand communications 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 for improvement of the online sales channels and optimisation of online stores interface so as to adapt to the changing customer consumption behaviour in the PRC. The Group jointly develops exclusive products with leading e-commerce platforms, and promotes them through live or broadcast and other channels, adopts big data analysis to accurately understand consumer demand, and injects strong momentum into the continued expansion of market scale. To establish an online brand matrix, the Group selected and authorised new online distributors during the period.

During the period under review, the Group increased its presence on mainstream traditional e-commerce platforms, their effectiveness as well as profit have improved, whereas the overall e-commerce sales were still lowered by market competition. The Group believes that the online platforms not only serve as a business-to-customer trading platform between the Group and the consumers, but also an additional marketing and promotion channel for the brand, which can enhance the overall business potential of the Group.

Awards

During the period under review, the Group had boasted brilliant results in major wine appraisal competitions. Among the numerous awards, "Dynasty Jin. Y Brandy XO barrel-aged 12 years" has won the Silver Award, at the 2025 International Wine & Spirit Competition ("**IWSC**"). The competition is considered the international standard for wine and spirits quality. Dynasty Baifu VSOP Brandy, Golden Dynasty Marselan Dry Red Wine, as well as Tianyang Tea-flavoured Wine series are also awarded at the "2024 Qingzhuo Awards" in respective categories by China Alcoholic Beverages Association. "Dynasty Mengyuan White wine" has also won the Grand Gold Medal at the France International Wine Awards ("**FIWA**") China region, Spring 2025 for its excellent quality. In addition, "Dynasty Inherit series – Dry Red Wine" has garnered the Gold Award at the same competition. These wines 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 Dynasty wines to the country and the world.

Research and technology

The Group is committed to maintaining a 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 technical 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 relationship, mainly located in Tianjin, Hebei, Ningxia and Xinjiang. Ensuring reliable supplies of quality grapes and grape juice 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 expand 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 grapes. 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.

During the period under review, in addition to Tianjin region, the Group sourced and planned to increase the direct sourcing of quality grapes harvested from Ningxia and Xinjiang regions, it also intended 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 and processing capacity

As at the end of June 2025, the Group's annual production and processing capacity maintained at 55,000 tonnes (31 December 2024: 55,000 tonnes). Such capacity is sufficient for the Group to promptly respond to the market demand and provides a platform for sustainable earnings growth.

Formation of joint venture companies in Jiangsu and Guizhou

Joint venture cooperation agreements were entered into by the Group in December 2024 in respect of the formation of the joint ventures in Jiangsu and Guizhou respectively. Dynasty Fine Wines (Jiangsu) Co., Ltd.*（王朝酒業(江蘇)有限公司）("**Dynasty Jiangsu**") is a joint venture established in Jiangsu in February 2025 for the manufacturing and sales of yellow wine（黃酒）and Chenpi wine（陳皮酒）. Dynasty Fine Wines (Renhuai) Co., Ltd.*（王朝酒業(仁懷)有限公司）is a joint venture established in Guizhou in February 2025 for trading of sauce-flavour baijiu products nationwide in the PRC. The joint ventures are accounted for as subsidiaries of the Group.

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

Compensatory surrender

On 20 May 2025, Sino-French Joint-Venture Dynasty Winery Ltd.*（中法合營王朝葡萄釀酒有限公司）("**Dynasty Winery**"), a wholly-owned subsidiary of the Company, entered into a compensation agreement with Tianjin Yiyang Big Health Small Township Development Co., Ltd.*（天津頤養大健康小鎮建設開發有限公司）("**Tianjin Yiyang**"), pursuant to which Dynasty Winery had conditionally agreed to surrender the manufacturing equipment and systems of the Group to Tianjin Yiyang, a connected person of the Company, in exchange for an aggregate compensation of RMB52,748,559 (equivalent to approximately HK$57,149,035) ("**Compensation Agreement**"). The compensatory surrender pursuant to the Compensation Agreement constituted a discloseable and connected transaction of the Company and was subject to the reporting, announcement, circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's discloseable and connected transaction announcement dated 20 May 2025 and the circular dated 20 June 2025.

Events after the period end

Saved as disclosed below, no significant events had taken place after the six months ended 30 June 2025 to the date of this announcement.

Extraordinary general meeting for approval of Compensatory Agreement

At an extraordinary general meeting held on 25 July 2025, the proposed ordinary resolution for the approval of Compensation Agreement was duly passed by the independent shareholders by way of poll. For details of the Compensation Agreement, please refer to the Company's circular dated 20 June 2025.

Prospects and future plans

The Group constantly diversifies its wine products to meet different needs and preferences of various consumer groups. Looking ahead to the second half of 2025, the Group will continue to focus on market and consumer demand and promote product quality through technological innovation. 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 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.

In addition to the Group's continued adherence to the "5+4+N" product strategy, with five major product series as the main line, facing the new trend of healthy consumption, and the rapidly growing market demand for low-alcohol and non-alcoholic wines, the Group keenly captures this market change, innovates its product categories, and increases its investment in a series of new categories such as low-alcohol and tea-flavoured blended wines. These products have a unique taste, are healthy and fashionable, and are very suitable for ready-to-drink scenarios among young consumers. Through differentiated product strategies, the Group continues to deepen its presence among young consumer groups, while actively exploring in the silver economy and female consumer markets.

Following the completion and opening of the first phase of Tianxia Winery, located in the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Ningxia, in the third quarter of 2024, Dynasty Ningxia Tianxia Winery will launch new products that embody the essence of terroir, strictly adhering to craftsmanship standards from planting to brewing, demonstrating the outstanding potential of Chinese wine, and working with distributors and partners to explore new market opportunities.

Further to our commitment to core wine business in the PRC, the Group will 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, so as to diversify the sources of revenue.

Dynasty sauce-flavour baijiu products, namely 'Han（漢）', 'Tang（唐）', 'Song（宋）' and 'Ming（明）' have been newly launched in the core-market in Tianjin with enthusiastic responses and will be further strategically promoted to other regions in the second half of the year. The sauce-flavour baijiu products satisfy 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 improvement of the level of customer groups will inevitably and effectively drive the increase in the sales of Dynasty wine and related products, thereby enhancing our industry influence and brand awareness.

For the yellow wine project, after planning, a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine in Jiangsu will be under construction in the second half of 2025. Upon completion of the construction, the Group will be able to produce special yellow wine – Dongtai Chenpi Wine which allows the Group 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.

For the e-commerce business, in the second half of 2025, the Group will continue to make adjustments on the structure and increasing coverage of e-commerce distributorship. By introducing new channel distributors with channel operation and promotion capabilities and combining them with the Group's existing online brand flagship stores to form a store matrix, the exposure and coverage will be improved through the multi-store matrix model to achieve sales growth. The Group also continues to promote AI livestreaming models in various channels to increase brand exposure and livestreaming sales.

The Group will continue to proactively develop new marketing prospects through innovation in product 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 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. 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 had a work force of 243 (including the board (the "**Board**") of directors (the "**Directors**")) (30 June 2024: 238) in Hong Kong and the PRC as at 30 June 2025. The total salaries and related costs (including the Directors' fees) for the six months ended 30 June 2025 amounted to approximately HK$23.9 million (2024: HK$23.3 million). During the period under review, the staff costs had an increase mainly as a result of an increase in headcount and causal 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 30 June 2025, the Group's cash and cash equivalents, and short-term deposits with maturity up to three months amounted to HK$85.6 million (31 December 2024: HK$122.1 million). The decrease was mainly attributable to settlement of trade payables and related payments for completion of construction of Ningxia winery during the period under review.

In addition, as disclosed in the announcement of the Company dated 20 May 2025 (the "**Announcement**") and the circular of the Company dated 20 June 2025, the net proceeds (net of value added tax) amounting to approximately RMB46,680,000 (equivalent to approximately HK$50,570,000) from the Compensatory Surrender (as defined in the Announcement) shall be applied by the Group (i) as to approximately 40% for procurement of new equipment, as well as for upgrade of existing equipment; (ii) as to approximately 30% for marketing and promotion, including expansion of marketing channel in the Group's core markets; and (iii) as to approximately 30% for online business development.

Therefore, the Group has sufficient financial resources and an adequate cash position for satisfying the working capital requirements of business development, operations and capital expenditures. 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$85.6 million (31 December 2024: HK$122.1 million) as at 30 June 2025. 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 30 June 2025, the Group's gearing ratio (expressed as total liabilities divided by total assets, in percentage) was approximately 34% (31 December 2024: 44%). The Group's gearing ratio decreased and maintained at a sound level.

The market capitalisation of the Company as at 30 June 2025 was approximately HK$436.6 million (31 December 2024: approximately HK$774.6 million).

Capital commitments, contingencies and charges on assets

The Group's capital expenditure in respect of its contribution to the registered capital of Dynasty Jiangsu was contracted for but not recognised as a liability at the end of the reporting period, which was amounted to approximately HK$19,738,000 (31 December 2024: HK$nil).

The Group had no contingent liabilities and no charge on assets as at 30 June 2025 (31 December 2024: HK$nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the six months ended 30 June 2025, except for 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. The latest development in the liquidation process are set out below:

The Group holds a 25% equity interest of the aforesaid associate in Ningxia. The liquidation process was substantially completed in 2024, but was still subject to certain administrative procedures during the period.

The Group holds a 65% equity interest of the aforesaid subsidiary in Shandong. The liquidation application related to the subsidiary had been accepted by the local court in August 2024, and the liquidation process remained in progress in the period.

Interim dividend

The Directors did not recommend the payment of any interim dividend to the shareholders of the Company for the six months ended 30 June 2025.

Change in directorship

Mr. Heriard-Dubreuil Francois ("**Mr. Heriard-Dubreuil**") retired by rotation as a non-executive director in accordance with article 84 of the articles of association of the Company at the conclusion of its annual general meeting held on 26 June 2025. Mr. Heriard-Dubreuil did not offer himself for re-election due to his retirement. Mr. Heriard-Dubreuil had confirmed that there was no disagreement with the Board and there was no matter relating to his retirement that needed to be brought to the attention of the holders of securities of the Company.

Ms. Caroline Bois Heriard Dubreuil was appointed as non-executive director and vice chairwoman of the Company with effect from 25 August 2025.

Purchase, sale or redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any securities of the Company during the period under review.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code for Directors' securities transactions (the "**Model Code**"). The Company has made specific enquiry of all Directors and that all Directors have confirmed their compliance with the required standard set out in the Model Code regarding Directors' securities transactions throughout the six months ended 30 June 2025.

Corporate governance

The Company is committed to fulfilling its responsibilities to the shareholders and protecting and enhancing shareholder value through solid corporate governance. It devotes considerable efforts in identifying and formalising best practices. It also exerts its best efforts to ensure optimum transparency and the best quality of disclosures. The Board has been and will continue to uphold the appropriate standards of corporate governance within the Group, thereby ensuring all businesses are conducted in an honest, ethical and responsible manner and the proper processes for oversight of its businesses are in place, in operation and are regularly reviewed.

Compliance with the Corporate Governance Code

The Company had complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules for the six months ended 30 June 2025. The current practices will be reviewed regularly to follow the latest practices in corporate governance.

Publication of interim results and interim report on the websites of the Company and of the Stock Exchange

The interim results announcement is published on the websites of the Company (www.dynasty-wines.com) and the Stock Exchange.

The interim report of the Company for the six months ended 30 June 2025, which contains all the information required by the Listing Rules will be despatched to the shareholders of the Company 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.

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

Hong Kong, 28 August 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, Ms. Caroline Bois Heriard Dubreuil, 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.

* *For identification purposes only*