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Dynasty Fine Wines Group Limited

王朝酒業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00828)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 37% to approximately HK\$170.0 million (2024: HK\$271.4 million).
- Gross profit declined by 49% to approximately HK\$53.4 million (2024: HK\$104.7 million).
- Profit attributable to the owners of the Company decreased by 59% to approximately HK\$13.7 million (2024: HK\$33.4 million).
- Basic earnings per share were HK0.97 cent (2024: HK2.37 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of Dynasty Fine Wines Group Limited (the “**Company**”) announces herewith the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 together with comparative figures for the year ended 31 December 2024, prepared on the basis set out in Note 3 below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		Year ended 31 December	
	Notes	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	4	170,011	271,372
Cost of sales of goods	5	<u>(116,629)</u>	<u>(166,652)</u>
Gross profit		53,382	104,720
Distribution costs	5	(50,778)	(49,428)
Administrative expenses	5	(43,775)	(46,893)
Loss allowance recognised on financial assets – net		(5,209)	(215)
Other income, other gains and losses – net	6	<u>58,862</u>	<u>24,485</u>
Operating profit		12,482	32,669
Finance income	7	381	948
Finance costs	7	<u>(124)</u>	<u>(65)</u>
Finance income – net	7	<u>257</u>	<u>883</u>
Profit before income tax		12,739	33,552
Income tax expense	8	<u>(1,636)</u>	<u>(12)</u>
Profit for the year		<u>11,103</u>	<u>33,540</u>
Profit (loss) attributable to:			
Owners of the Company		13,688	33,440
Non-controlling interests		<u>(2,585)</u>	<u>100</u>
		<u>11,103</u>	<u>33,540</u>
Earnings per share, in HK cents			
– Basic earnings per share	10	<u>0.97</u>	<u>2.37</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	11,103	33,540
Other comprehensive income (expense)		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<u>10,988</u>	<u>(9,135)</u>
Total comprehensive income for the year	<u>22,091</u>	<u>24,405</u>
Total comprehensive income (expense) for the year attributable to:		
– Owners of the Company	22,499	24,885
– Non-controlling interests	<u>(408)</u>	<u>(480)</u>
	<u>22,091</u>	<u>24,405</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		At 31 December	
		2025	2024
	Notes	HK\$'000	HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		108,540	118,209
Right-of-use assets		25,288	21,438
Deposits	11	1,180	872
Prepayments	11	1,819	–
Deferred income tax assets	16	5,855	–
Total non-current assets		<u>142,682</u>	<u>140,519</u>
Current assets			
Inventories		257,991	231,275
Trade receivables	11	38,811	47,348
Notes receivable	12	1,332	20,009
Other receivables	11	11,406	9,865
Prepayments	11	17,231	8,919
Cash and cash balances		94,858	122,592
Total current assets		<u>421,629</u>	<u>440,008</u>
Total assets		<u><u>564,311</u></u>	<u><u>580,527</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2025

		At 31 December	
	Notes	2025 HK\$'000	2024 HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities		<u>335</u>	<u>311</u>
Current liabilities			
Trade payables	13	80,680	101,195
Other payables and accruals	13	99,844	124,108
Income tax liabilities		7,507	200
Contract liabilities	14	16,039	29,372
Lease liabilities		672	1,018
Financial liability arising from a put option	15	<u>4,254</u>	<u>–</u>
Total current liabilities		<u>208,996</u>	<u>255,893</u>
Net current assets		<u>212,633</u>	<u>184,115</u>
Total liabilities		<u>209,331</u>	<u>256,204</u>
Equity			
Share capital		140,840	140,840
Other reserves		1,156,726	1,152,844
Accumulated losses		<u>(969,991)</u>	<u>(983,679)</u>
Equity attributable to owners of the Company		327,575	310,005
Non-controlling interests		<u>27,405</u>	<u>14,318</u>
Total equity		<u>354,980</u>	<u>324,323</u>
Total equity and liabilities		<u><u>564,311</u></u>	<u><u>580,527</u></u>

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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) ACCOUNTING STANDARD

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard 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 HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards 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 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKAS21	Translation to a Hyper inflationary Presentation Currency ³

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 2026.

³ 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 the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

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 *Basis of Preparation of Financial Statements* upon effective of HKFRS 18 and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) ACCOUNTING STANDARD (CONTINUED)

HKFRS 18 Presentation and Disclosure in Financial Statements (continued)

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and the Group currently presents interest received in operating activities, they will be classified in the investing activities on the consolidated statement of cash flows.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

(a) Revenue from contracts with customers

Disaggregation of revenue from contracts with customers:

Types of customers	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Distributorship	145,327	243,325
Online sales	22,541	24,649
Retails	2,143	3,398
Total	<u>170,011</u>	<u>271,372</u>

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.

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.

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

(b) Segment information

In accordance with the Group's internal reporting, the executive directors of the Company, being 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 CODM assess the performance of the operating segments based on gross profit. All revenue of the Group is from external customers.

	Red wines <i>HK\$'000</i>	White wines <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2025				
Revenue from contracts with customers	<u>66,317</u>	<u>92,570</u>	<u>11,124</u>	<u>170,011</u>
Gross profit	<u>16,439</u>	<u>31,958</u>	<u>4,985</u>	<u>53,382</u>
<i>Amounts included in the measure of segment gross profit:</i>				
Impairment allowance of inventories	1,080	1,508	182	2,770
Depreciation and amortisation	<u>2,805</u>	<u>3,915</u>	<u>471</u>	<u>7,191</u>
	Red wines <i>HK\$'000</i>	White wines <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2024				
Revenue from contracts with customers	<u>110,937</u>	<u>150,613</u>	<u>9,822</u>	<u>271,372</u>
Gross profit	<u>40,220</u>	<u>61,500</u>	<u>3,000</u>	<u>104,720</u>
<i>Amounts included in the measure of segment gross profit:</i>				
Impairment allowance of inventories	540	734	48	1,322
Depreciation and amortisation	<u>1,448</u>	<u>1,966</u>	<u>128</u>	<u>3,542</u>

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

(b) Segment information (continued)

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

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Gross profit for reportable segments	53,382	104,720
Distribution costs	(50,778)	(49,428)
Administrative expenses	(43,775)	(46,893)
Loss allowance recognised on financial assets – net	(5,209)	(215)
Other income, other gains and losses – net	58,862	24,485
Operating profit	12,482	32,669
Finance income – net	257	883
Profit before income tax	12,739	33,552

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

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability are 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.

The following two (2024: three) 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	
	2025	2024
	HK\$'000	HK\$'000
Customer A	29,013	39,609
Customer B	*	36,965
Customer C	24,299	33,299

* The corresponding customer did not contribute over 10% of the total revenue of the Group.

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

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	
	2025	2024
	HK\$'000	HK\$'000
Raw materials and consumables used	102,415	84,899
Employee benefit expenses	62,480	70,731
Changes in finished goods and work in progress	(40,559)	21,683
Advertising, marketing, and other promotion expenses	20,145	20,587
Consumption tax of domestic sales and other taxes	13,882	17,157
Transportation	7,906	9,880
Travelling expenses	6,255	5,702
Energy and power costs	3,854	4,575
Consultancy and professional fee	2,932	2,826
Depreciation of property, plant and equipment	7,214	3,618
Auditor's remuneration	1,933	1,682
Maintenance expenses	2,413	2,307
Depreciation of right-of-use assets	1,718	1,639
Impairment allowance of inventories	2,770	1,322
Other expenses	15,824	14,365
	<u>211,182</u>	<u>262,973</u>

6 OTHER INCOME, OTHER GAINS AND LOSSES – NET

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Gain on compensatory surrender (<i>note</i>)	48,215	–
Gain on disposal of property, plant and equipment	3,287	1,115
Government grants related to support for industry and enterprise development	2,874	8,778
Write-off of payables with long ageing	3,419	–
Gain on liquidation of an associate	–	1,480
Emoluments of former Directors in prior years waived	–	12,216
Changes in financial liability arising from a put option	152	–
Others	915	896
	<u>58,862</u>	<u>24,485</u>

Note: In May 2025, Sino-French Joint-Venture Dynasty Winery Ltd. (“**Dynasty Winery**”), a wholly-owned subsidiary of the Company, entered into a compensation agreement with Tianjin Yiyang Big Health Small Township Development Co., Ltd. (“**Tianjin Yiyang**”), a fellow subsidiary of the shareholder of the Company, pursuant to which Dynasty Winery had agreed to surrender the manufacturing equipment and systems to Tianjin Yiyang, in exchange for an aggregate compensation of RMB52,748,000 (equivalent to approximately HK\$57,149,000), which then resulted in gain from compensatory surrender of approximately HK\$48.21 million.

7 FINANCE INCOME – NET

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Interest income	381	948
Interest on lease liabilities	(33)	(65)
Finance costs on financial liability arising from a put option	(91)	–
	<u>257</u>	<u>883</u>

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current income tax	7,416	12
Deferred income tax	(5,780)	–
	<u>1,636</u>	<u>12</u>

9 DIVIDENDS

During the year, a final dividend of HK0.35 cent per share in respect of the year ended 31 December 2024 (2024: Nil) was declared and distributable out of share premium to owners of the Company. The aggregate amount of the final dividend paid during the year was approximately HK\$4,929,000. No dividend was proposed since the end of the reporting period.

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	
	2025	2024
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>13,688</u>	<u>33,440</u>
Weighted-average number of ordinary shares in issue (<i>'000</i>)	<u>1,408,406</u>	<u>1,408,406</u>
Earning per share – basic (<i>HK cents</i>)	<u>0.97</u>	<u>2.37</u>

(b) Diluted earnings per share

The Group had no potential dilutive instruments in issue during the years ended 31 December 2025 and 2024 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**

	2025	2024
	HK\$'000	HK\$'000
Trade receivables from contracts with customers	56,861	59,806
Loss allowance	(18,050)	(12,458)
	<hr/>	<hr/>
Trade receivables – net	38,811	47,348
	<hr/> <hr/>	<hr/> <hr/>

The Group grants a credit period of 90 to 180 days (2024: 90 days) to its customers. The following is an ageing analysis of net trade receivables presented based on dates of delivery of goods.

	2025	2024
	HK\$'000	HK\$'000
Current	25,657	46,976
More than 30 days past due	11,749	158
More than 90 days past due	1,405	214
	<hr/>	<hr/>
	38,811	47,348
	<hr/> <hr/>	<hr/> <hr/>

(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 to 180 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) 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\$18.05 million as at 31 December 2025 (2024: HK\$12.46 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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
– Deposits paid to e-commerce platform entities	<u>1,180</u>	<u>872</u>
Current		
– Expenses to be reimbursed	942	864
– Taxes to be recoverable	3,896	4,024
– Cash advance to employees and deposits	237	389
– Advance payments for online promotion expenses	2,971	2,273
– Other receivables	<u>3,510</u>	<u>2,462</u>
	11,556	10,012
Loss allowance	<u>(150)</u>	<u>(147)</u>
	<u>11,406</u>	<u>9,865</u>
	<u><u>12,586</u></u>	<u><u>10,737</u></u>

(c) Prepayments

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
– Prepayments for purchase of property, plant and equipment	<u>1,819</u>	<u>–</u>
Current		
– third parties	16,904	8,556
– related parties	<u>327</u>	<u>363</u>
	<u>17,231</u>	<u>8,919</u>
	<u><u>19,050</u></u>	<u><u>8,919</u></u>

12 NOTES RECEIVABLE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank acceptance bills	<u><u>1,332</u></u>	<u><u>20,009</u></u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables (<i>Note a</i>)	<u>80,680</u>	<u>101,195</u>
Other payables and accruals		
– Amount due to a shareholder of the Company (<i>Note b below</i>)	42,404	42,404
– Amount due to a related party (<i>Note c below</i>)	11,071	10,799
– Payroll payable	19,764	18,225
– Other tax payables	9,641	15,497
– Deposit received	2,045	4,400
– Payable for acquisition of property, plant and equipment	901	15,419
– Accrued expenses	1,686	5,215
– Others	<u>12,332</u>	<u>12,149</u>
	<u>99,844</u>	<u>124,108</u>
	<u>180,524</u>	<u>225,303</u>

Trade payables, other payables and accruals 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 payables, other payables and accruals 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 ageing analysis of the trade payables based on invoice date were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-30 days	24,786	41,225
31-90 days	16,393	17,602
91 to 180 days	4,265	674
Over 180 days	<u>35,236</u>	<u>41,694</u>
	<u>80,680</u>	<u>101,195</u>

(b) The amount due to a shareholder of the Company, Tianjin Food Group Company Limited, is non-trade nature, unsecured, interest free and has no fixed terms of repayment.

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

14 CONTRACT LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Advances received from distributors	<u>16,039</u>	<u>29,372</u>

As at 1 January 2024, contract liabilities amounted to HK\$36.31 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.

15 FINANCIAL LIABILITY ARISING FROM A PUT OPTION

	2025 <i>HK\$'000</i>
Recognition of financial liability arising from a put option	4,202
Change in carrying amount	(152)
Finance costs	91
Exchange differences charged to other comprehensive income	<u>113</u>
	<u>4,254</u>

On 26 February 2025, Dynasty Fine Wines (Renhuai) Co, Ltd.* (“**Dynasty Renhuai**”) has been established by the Group with a minority shareholder, of which the Group held 51% interests. During nine months after formation, the Group shall procure third party(ies) to acquire an option (being 39% interests of Dynasty Renhuai as held by the minority shareholder), failing which it shall be at the discretion of minority shareholder to require the Group to purchase the interests (being the put option) at a redemption consideration of lower of (i) fair value of net asset value of equity attributable to minority shareholder at shares of 39% of put option at the put option exercise date or (ii) paid-in capital amounted RMB3.9 million with a coupon rate per annum with reference to loan prime rate. Upon the exercise of the put option, Dynasty Renhuai shall be held as to 90% by the Group and 10% by the minority shareholder.

A gross obligation is initially recognised at an amount equal to the present value of the redemption amount that could be required to be paid to the minority shareholder, and is subsequently measured in accordance with HKFRS 9. Accordingly, subsequent changes in the measurement of the gross obligation due to the unwinding of the discount are recognised as finance cost, or changes in the amount that the Group is required to pay are always recognised in profit or loss. As at 31 December 2025, the directors of the Company have confirmed to extend the arrangement, and on 5 January 2026, the Group entered into a supplemental agreement to extend the aforementioned put option to 30 September 2026.

The Group has a dominant voting interest to direct the relevant activities of Dynasty Renhuai and therefore it continues to be accounted for as a subsidiary of the Group.

* for identification proposes

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 2025 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 26 March 2026. 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 2025 decreased by 37% to HK\$170.0 million (2024 – HK\$271.4 million) and the Group's profit attributable to owners of the Company decreased by 59% to HK\$13.7 million (2024 – HK\$33.4 million).

Earnings per share of the Company (the “**Share**”) was HK0.97 cent per Share (2024 – HK2.37 cents per Share) based on the weighted average number of approximately 1,408.4 million Shares (2024 – 1,408.4 million Shares) in issue during the year. There was no potential dilutive Share for the year ended 31 December 2025.

The decrease in profit attributable to the owners of the Company in 2025 was primarily due to: 1) a drop in sales revenue (especially a significant decline in sales of medium to high-end products) amid the impact of macroeconomy, as well as weak demand in wine consumption market in the PRC; and 2) an increase in loss allowances for trade receivables, though such decrease in profit was already partly offset by a net gain on compensatory surrender recognised during the year.

Financial review

Revenue

Revenue of the Group is mainly generated from sale of wine products. The Group's total revenue decreased from approximately HK\$271.4 million in 2024 by 37% to approximately HK\$170.0 million in 2025. The drop in revenue was primarily impacted by macroeconomy as well as weak demand in wine consumer market in the PRC, especially decrease in middle to high-end wine products sales, 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 also decreased. The total number of bottles of wine sold declined to approximately 7.7 million in 2025 (2024 – approximately 10.4 million).

With stronger marketing effort for dry white in coastal region and the launch of new white wine and sparkling wine products, sales of white wine products served as the Group's primary revenue contributor. Sales of red and white wines products accounted for approximately 39% and 54% of the revenue respectively for the year (2024: red and white wines: approximately 41% and 56% 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:

	2025	2024
	<i>%</i>	<i>%</i>
Cost of raw materials		
– Grapes and grape juice	43	46
– Yeast and additives	2	2
– Packaging materials	19	20
– Others	1	1
	<hr/>	<hr/>
Total cost of raw materials	65	69
Manufacturing overheads	24	22
Consumption tax and other taxes	11	9
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Total cost of sales of goods	100	100
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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 43% of the Group's total cost of sales, and representing a decrease from approximately 46% in 2024 mainly due to better 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 2024, mainly due to increase in wages and depreciation.

Gross profit margin

Margin is calculated based on cost of sales (inclusive of consumption tax) and gross sales. The overall gross profit margin decreased to 31% in 2025 (2024 – 39%), mainly due to change in product mix with more products with lower prices and margin in response to market dynamics and needs during the year.

The gross margin of red wine products and white wine products in 2025 were 25% and 35% respectively (2024 – 36% and 41% respectively).

Other income, other gains and losses – net

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

Other income, other gains and losses for the year ended 31 December 2025 represented a net gain of approximately HK\$58.9 million (2024 – approximately HK\$24.5 million). The increase in net gain was mainly due to gain on compensatory surrender (net of value added tax) of approximately HK\$48.2 million, and an increase in write-off of payables with long ageing and gain on disposal of property, plant and equipment, but partially offset by decrease in government grants related to support for industry and enterprise development received during the year, while there was no emoluments of certain former Directors in prior years waived in the year (2024 – approximately HK\$12.2 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 30% (2024 – 18%) of the Group's revenue. The increase in distribution costs to revenue ratio was mainly due to a decrease in revenue during the year, while marketing expenses increased, especially for promotion in e-commerce business and Tianjin region, the PRC, as well as launch of new products.

During the year, the Group continued to promote and market its brand and products 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 decreased and as a percentage of the Group's revenue accounted for approximately 26% (2024 – 17%) of the Group's revenue. The increase in ratio was mainly attributable to a decline in revenue outweighing the reduction in staff costs and office expenses during the year.

Finance income – net

During the year, finance income – net decreased mainly due to a drop in bank interest income compared with 2024.

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. The increase in income tax expense was mainly current income tax but substantially offset by deferred income tax recognised during the year.

Profit for the year

Profit attributable to owners of the Company decreased by 59% to approximately HK\$13.7 million for the year ended 31 December 2025 (2024: HK\$33.4 million). This was primarily due to i) a result from a drop in sales revenue as well as gross margin; ii) an increase in loss allowances for trade receivables owing to extended repayment from certain distributors; though such decrease in profit was already partly offset by a net gain on compensatory surrender recognised during the year, which was one-off income in nature.

Cash flow

In 2025, operating activities were the Group’s main source of cash outflow.

The increase in net cash outflow from operating activities from approximately HK\$9.9 million in 2024 to approximately HK\$83.3 million in 2025 was mainly due to the decrease in cash outflow from settlement of trade and other payables and accruals, as well as payment for increase in inventories during the year.

The cash flow from investing activities changed from net outflow of approximately HK\$29.4 million in 2024 to net inflow of approximately HK\$38.6 million in 2025 was mainly because of the receipt of compensation from assets surrender, net of indirect tax during the year.

The cash flow from financing activities changed from net outflow of approximately HK\$1.0 million in 2024 to net inflow of approximately HK\$11.5 million in 2025 because of the capital contribution from non-controlling interests shareholders of newly incorporated subsidiaries, but partially offset by dividend payment.

Financial management and treasury policy

For the year ended 31 December 2025, 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 paid 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 during the year ended 31 December 2025 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 and corporate activities

For the year ended 31 December 2025, the decrease in revenue (especially a significant decline in sales of medium to high-end products) was primarily due to the impact of macroeconomy as well as weak demand in wine consumer market in the PRC.

In spite of the sluggish market environment, during the year, the Group closely cooperated with distributors and pressed ahead with its marketing campaign showcasing in the core points of sale, 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 various exhibitions and wine fairs, 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.

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 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 year, the Group launched a new gift set 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 the year, 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 Ningxia Winery won industry praise for their unique flavor and exquisite craftsmanship. In the second half of the year, the Group also introduced new products “Hi” tea-flavoured wine series in response to the market need, which are very suitable for ready-to-drink scenarios among young consumers.

The quality of Dynasty’s wine has gained widespread recognition, from being the designated wine for the Davos Forum for 11 consecutive years, to becoming the official beverage supporting unit of the 2025 Shanghai Cooperation Organisation Tianjin Summit, that showcases the brand connotation of “World-class quality, Chinese terroir, and Flavour of Dynasty “.

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 wines 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 respond to the change of customer consumption behaviour in the PRC. The Group jointly develops exclusive products with leading e-commerce platforms, and promotes AI livestreaming models in various channels to increase brand exposure and livestreaming sales, 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 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 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 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.

Dynasty has won the Silver Medal in the Sparkling Wine/China category, the Silver Medal in the Dry Wine/China category, and the Bronze Medal in the Medium/China category for its Dynasty Tianyang Winery Jasmine Sparkling Wine, Dynasty Inherit Series – Dry Red Wine, and Dynasty Inherit Series – Semi Dry White Wine, respectively, at the 2025 Cathay Global Wine & Spirits Awards Asia (“**GWSAA**”) (formerly known as the Cathay Hong Kong International Wine & Spirit Competition (“**HKIWSC**”)). This marks the 15th consecutive year that Dynasty products have won awards at the event, demonstrating industry-wide recognition of Dynasty’s exceptional winemaking skill and quality. Notably, Dynasty’s first-ever award in international competition for its Tianyang Winery Jasmine Sparkling Wine represents a significant milestone in the Company’s development in the tea-flavoured sparkling wine sector. The three award-winning wines were also showcased at the 2025 Hong Kong International Wine & Spirits Fair. In addition, “Dynasty Pinyue VSOP brandy” also won the Gold Medal in the brandy category of 2025 China Fine Wine Challenge.

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 continues to help 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 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.

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 2024, during the year, it has fully carried out the local processing of grape juices 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 31 December 2025, the Group's annual production and processing capacity maintained at 55,000 tonnes (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 details of which are set out in the announcements of the Company dated 18 December 2024 and 20 December 2024. 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) (“**Dynasty Renhuai**”) 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.

Construction of Jiangsu Winery

On 25 September 2025, Dynasty Jiangsu, entered into a construction agreement with Yancheng Tiangong Construction Engineering Co., Limited (鹽城天宮建設工程有限公司), the contractor of the Company (the “**Contractor**”), pursuant to which the Contractor shall provide construction services to Dynasty Jiangsu for the construction of the Jiangsu winery at the consideration (of RMB22,326,166.58 (equivalent to approximately HK\$24.53 million)) (the “**Construction Agreement**”). The Construction Agreement encompasses the construction of a manufacturing plant with a tank capacity of 3,000 tonnes for yellow wine and Chenpi wine, which itself is a special yellow wine. For details, please refer to the discloseable transaction announcement dated 25 September 2025. As of 31 December 2025, the construction of office building, workshops, warehouse and other main building has been completed, accounting for about 50% of the overall project progress. The capital expenditure of the whole project is estimated at about RMB48 million (equivalent to approximately HK\$53 million). Apart from winery construction, Dynasty Jiangsu has not yet commenced operation. Upon completion of the project, the Group will be able to effectively expand its product categories, and achieve a major strategic move towards high-quality development of the wine industry.

Dynasty Renhuai

Dynasty Renhuai commenced trading operations during the year, although the sales contribution was insignificant amid the weak demand in the consumption market, 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 points in a long run, and realising the Group’s transformation into a full category, full industry-chain enterprise.

* for identification purpose

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 the 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 fellow subsidiary of the shareholder of the Company, in exchange for an aggregate compensation of RMB52,748,559 (equivalent to approximately HK\$57,149,000) (“**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. At an extraordinary general meeting held on 25 July 2025 (the “**EGM**”), the proposed ordinary resolution for the approval of Compensation Agreement was duly passed by the independent shareholders by way of poll. For details, please refer to the Company’s discloseable and connected transaction announcement dated 20 May 2025 and 25 July 2025, and the circular dated 20 June 2025.

Put Option update of a non-wholly owned subsidiary in Guizhou

Pursuant to the joint venture cooperation agreement in relation to the formation of Dynasty Renhuai, the joint venture company in Guizhou, during 9 months after formation of Dynasty Renhuai, in February 2025, (i) Dynasty Winery shall procure third party(ies) (which shall be key distributors of Dynasty Winery) to acquire 39% interests of Dynasty Renhuai as held by Guizhou Province Maotai Town Guowei Winery Group Co., Ltd.* (“**Guowei Company**”) (the “**Option Interests**”); or failing which (ii) Dynasty Winery shall acquire the Option Interests at a consideration (the “**Put Option**”). Subsequent to formation of Dynasty Renhuai and as the date of the announcement on 5 January 2026, the Group held 51% and Guowei Company held 49% of the equity interests respectively. On 5 January 2026, Dynasty Winery entered into a supplemental agreement to the Joint Venture Cooperation Agreement with Guowei Company, Where upon the Put Option and the execution period are extended to 30 September 2026. For details, please refer to announcements of the Company dated 5 January 2026 and 20 December 2024.

Subsequent Event

On 3 February 2026, Mr. Huang Manyou resigned as an executive director and ceased to be authorised representative of the Company. Ms. Zhao Haijing has been appointed as an executive director, Mr. He Chongfu, general manager and executive director of the Company has been appointed as the authorised representative.

In February 2026, Dynasty Winery has entered into a bank borrowing contract with local bank institution to withdraw RMB10 million, which is unsecured and matured within one year with fixed interest rate at 2.5% per annum.

Save disclosed above, no significant events had taken place after the year ended 31 December 2025 to the date of this announcement.

Prospects and future plans

Looking ahead to 2026, 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.

In addition to the Group's continued adherence to the "5+4+N" product strategy with five major product series as the main line, the new trend of healthy consumption and the market demand for low-alcohol and non-alcoholic wines is showing a rapid growth trend. The Group keenly captures this market change, innovates its product categories, and continues to increase investment in a series of new categories and youth-oriented products such as low-alcohol (5 degree merlot and muscat) sparkling wines, zero degree series, and brandy-flavoured sparkling wines 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, creating new breakthrough points for the traditional market pattern.

Following the completion and opening of Tianxia Winery (Phase I) Ningxia, related new quality wines brewed from locally sourced premier grapes and grape juice will be launched, heeding different market and consumer demands. In 2026, 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. Dynasty Ningxia Tianxia Winery is located in the Pigeon Hill Wine Cultural Tourism Town in Qingtongxia City, Ningxia, with "industry-tourism integration" as its core, through scene innovation, differentiated experience design and professional platform construction, the tourism town provides and attracts tourists with an immersive vacation experience from "drinking wine" to "enjoying wine", enriching the connotation of "wine culture tourism". The Group plans to optimise the facilities of Tianxia Winery to continuously improve its core competitiveness and thus strengthening the brand in the region.

While upholding its brand heritage, Dynasty proactively embraces change. By deeply exploring its brand DNA, further to our commitment to core wine business in the PRC, Dynasty expands into new alcoholic beverages categories such as sauce-flavour baijiu and yellow wines and special yellow wine – Chenpi wine, 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 and Shanghai and will be further strategically promoted to other regions in 2026. 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 scale of Dynasty wine and related products, thereby enhancing our industry influence and brand awareness.

For the yellow wine project, installation and testing of production equipment of a manufacturing plant with a tank capacity of 3,000 tonnes of yellow wine and special yellow wine – Chenpi wine in Jiangsu is expected to be completed in the second half of 2026. Upon completion of the whole project, 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. The project expansion 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 e-commerce business, in 2026, the Group will continue to expand online business channels and increase 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 increase sales proportion of traffic channels such as instant retail and livestreaming sales by utilising channel resources to develop adapted products, matching products with channel, so as to achieve sales breakthroughs.

The Group will continue to uphold quality, craft fine wines with dedication, adjust its business strategies by stabilising, restoring and penetrating the core market with superior products; seizing the development trend of low-alcohol and younger consumer markets and proactively developing new marketing prospects through innovation in products categories and consumption scenarios.

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 258 (including Directors) (2024: 243) in Hong Kong and the PRC as at 31 December 2025. The total salaries and related costs (including the Directors’ fees) for the year ended 31 December 2025 amounted to approximately HK\$62.5 million (2024: HK\$70.7 million). During the year, the staff costs decreased mainly as a result of decline in performance-based remunerations.

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 2025, the Group's cash and short-term deposits with maturity up to three months amounted to HK\$94.4 million (2024: HK\$122.1 million). The decrease was mainly attributed to the settlement of trade and other payables and related payments for construction completion of the Tianxia Winery (Phase I) in Ningxia 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. Any further new capital expenditures and investment opportunities of the Group, including the capital contribution or expenditures relating to Dynasty Jiangsu, shall be funded by the Group's internal resources, borrowings or proceeds from issue of shares, if any.

Capital structure

The Group had cash and liquidity position of HK\$94.4 million (2024 – HK\$122.1 million) as at 31 December 2025, reflecting its sound capital structure. The Group expects its cash and funds from borrowings 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 2025, the Group's gearing ratio (expressed as total liabilities divided by total assets, in percentage) was approximately 37% (2024 – 44%). The Group's gearing ratio decreased and maintained at a sound level.

As at 31 December 2025, the market capitalisation of the Company was approximately HK\$359.1 million (2024 – approximately HK\$774.6 million).

Capital commitments, contingencies and charges on assets

As at 31 December 2025, the Group had capital expenditure of approximately HK\$29.5 million in respect of construction in progress for Dynasty Jiangsu's winery plant and purchase of equipment contracted for but not recognised as liabilities (2024 – HK\$nil million) and there was no charge on assets of the Group.

The Group had no contingent liabilities as at 31 December 2025 (2024 – nil).

Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the year ended 31 December 2025, except for the contribution made for establishment of Dynasty Jiangsu and Dynasty Renhuai as set out in the company's announcements dated 18 December 2024 and 20 December 2024, as well as liquidation of a non-wholly owned subsidiary in Shangdong, 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 65% equity interest in a subsidiary in Shangdong. The liquidation process had been substantially completed the legal proceeding by the local court. The de-registration procedures were not finalised yet by the date of announcement.

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 low-alcohol and younger consumer-oriented and China cultural products to diversity the product mix, as well as product series which are focused on the all-level product price range and targeted at consumers fancying ready-to-drink and domestic-made products.

3. *Operational risks*

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 machinery 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 2025, 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 2025, the Group was not aware of any non-compliance of the relevant laws and regulations that had a significant impact on the Group.

Dividend

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2025 to the shareholders of the Company (the "**Shareholders**") due to net recurring loss relating to principal business incurred during the year.

Purchase, sale or redemption of the Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any Shares (including treasury shares) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

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 2025. 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 “**Model 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 2025.

Audit Committee

During the year ended 31 December 2025, 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 2025 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 2025, which contains the detailed results and other information of the Group for the year ended 31 December 2025 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

Chengdu, 26 March 2026

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wan Shoupeng, Mr. He Chongfu and Ms. Zhao Haijing, 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.