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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)

EXEMPT CONNECTED TRANSACTION: CAPITAL REDUCTION OF A NON-WHOLLY OWNED SUBSIDIRY IN GUIZHOU

On 3 November 2026 (after Stock Exchange trading hours), Dynasty Renhuai entered into the Capital Reduction Agreement with Guowei Company and Dynasty Winery, pursuant to which Dynasty Renhuai will conduct the Capital Reduction of an amount of RMB4,333,300 (equivalent to approximately HK$5,039,000) whereupon (i) the shareholding of Guowei Company will be reduced to 10% with an amount of RMB4,309,900.18 (equivalent to approximately HK$5,012,000) to be returned to Guowei Company by Dynasty Renhuai; and (ii) the shareholding of Dynasty Winery will be increased to 90%. Upon completion of the Capital Reduction, the registered capital of Dynasty Renhuai will be reduced from RMB10,000,000 (equivalent to approximately HK$11,628,000) to RMB5,666,700 (equivalent to approximately HK$6,589,000).

IMPLICATIONS UNDER THE LISTING RULES

Upon completion of the Capital Reduction, the Group's shareholding in Dynasty Renhuai will increase from 51% to 90% and therefore will be treated as an acquisition of further interests in Dynasty Renhuai. As at the date of this announcement, Guowei Company holds 49% of the equity interests of Dynasty Renhuai but does not hold any shares of the Company. Accordingly, it is a connected person of the Company at the subsidiary level only. Therefore, the transaction contemplated under the Capital Reduction Agreement is a connected transaction of the Company exempt from circular, independent financial advice and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

Reference is made to the announcements of the Company dated 20 December 2024 and dated 6 January 2026 (the "**Announcements**") in relation to, among other matters, the formation of Dynasty Renhuai.

BACKGROUND

As set out in the Announcements, on 20 December 2024, Dynasty Winery, a wholly owned subsidiary of the Company, and Guowei Company entered into the Joint Venture Cooperation Agreement in respect of the formation of a joint venture company in Renhuai City, Guizhou Province, the PRC for trading of sauce-flavour baiju products nationwide.

Pursuant to the Joint Venture Cooperation Agreement,

1. such joint venture company would be owned as to 51% by Dynasty Winery and as to 49% by Guowei Company;

2. the Put Option was also granted whereupon the exercise of which would render Dynasty's interests in the joint venture company be increased to 90% and Guowei Company's interests be reduced to 10%. The exercise period of the Put Option was extended to 30 September 2026 and further to 31 January 2027 pursuant to the supplemental agreements entered into between Dynasty Winery and Guowei Company on 5 January 2026 and 30 September 2026 as set out in the announcements of the Company dated 5 January 2026 and 30 September 2026 respectively; and

3. the Joint Venture Cooperation Agreement also sets out the framework terms as regards the Purchase, being purchase of sauce-flavour baijiu products by Dynasty Winery and its subsidiaries (including the joint venture company) from Guowei Company and its subsidiaries, for a term commencing from 1 January 2025 and ending on 31 December 2027 (or the date of termination of the Joint Venture Cooperation Agreement, whichever is earlier), which constituted continuing connected transactions of the Company that were exempt from circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

On 26 February 2025, Dynasty Renhuai was established in relation thereto. As at the date of this announcement, its registered capital is RMB10,000,000 (equivalent to approximately HK$11,628,000), of which:

(i) 51% (i.e. RMB5,100,000 (equivalent to approximately HK$5,930,000)) has been contributed by Dynasty Winery; and

(ii) 49% (i.e. RMB4,900,000 (equivalent to approximately HK$5,698,000)) has been contributed by Guowei Company.

CAPITAL REDUCTION AGREEMENT

On 3 November 2026 (after Stock Exchange trading hours), Dynasty Renhuai entered into the Capital Reduction Agreement with Guowei Company and Dynasty Winery, pursuant to which Dynasty Renhuai will conduct the Capital Reduction of an amount of RMB4,333,300 (equivalent to approximately HK$5,039,000) whereupon (i) the shareholding of Guowei Company will be reduced to 10% with an amount of RMB4,309,900.18 (equivalent to approximately HK$5,012,000) to be returned to Guowei Company by Dynasty Renhuai; and (ii) the shareholding of Dynasty Winery will be increased to 90%. Upon completion of the Capital Reduction, the registered capital of Dynasty Renhuai will be reduced from RMB10,000,000 (equivalent to approximately HK$11,628,000) to RMB5,666,700 (equivalent to approximately HK$6,589,000). Upon completion of the Capital Reduction, the Put Option shall be of no further effect. Dynasty Renhuai shall remain a non-wholly owned subsidiary of the Group and to be consolidated into the financial statements of the Group.

Principal terms of the Capital Reduction Agreement

The principal terms of the Targeted Capital Reduction are set out as follows:

Date: 3 November 2026

Parties:

(1) Dynasty Renhuai;

(2) Dynasty Winery; and

(3) Guowei Company

Guowei Company is a limited company established in the PRC and is engaged in the manufacturing of baijiu products. It is held as to 51% by Mr. Liang Mingfeng (梁明鋒) and as to 49% by Mr. Liang Yijun (梁貽鈞). Both are merchants, whereupon Mr. Liang Mingfeng is chairman, director and legal representative of Guowei Company. Mr. Liang Yijun is assistant of chairman of Guowei Company. Guowei Company is also an existing supplier of the Group in respect of processing of Chinese baijiu products. As at the date of this announcement, Guowei Company holds 49% of the equity interests of Dynasty Renhuai.

The Capital Reduction:	Dynasty Renhuai agreed to reduce its registered capital from RMB10,000,000 (equivalent to approximately HK$11,628,000) to RMB5,666,700 (equivalent to approximately HK$6,589,000). The total reduction amount is RMB4,333,300 (equivalent to approximately HK$5,039,000), which has taken into account the Put Option whereupon the same outcome would be achieved upon completion of the Capital Reduction, i.e., the shareholding of Guowei Company will be reduced to 10% and Dynasty Winery will be increased to 90% that of.
The capital to be returned:	An amount of RMB4,309,900.18 (equivalent to approximately HK$5,012,000) will be returned to Guowei Company. Such amount has been determined based on (i) the amount of registered capital to be reduced as set out above; and (ii) the appraised value of Dynasty Renhuai's net asset as at 31 December 2025 at the amount of RMB9,946,000 (equivalent to approximately HK$11,565,000), which in turn is based on the valuation conducted by Cloud Appraisal Zhongsheng (Tianjin) Real Estate Land Asset Evaluation Co., Ltd.* (雲估中盛(天津)房地產土地資產評估有限公司), an independent valuer, adopting the asset-based approach (資產基礎法). Such appraised value of net asset represents an impairment of 0.54% compared with the initial investment (i.e., the total amount of registered capital of Dynasty Renhuai contributed by both Dynasty Winery and Guowei Company). Payment of such returned capital shall be funded by internal resources of the Group. The original acquisition cost of Guowei Company amounted to RMB4,333,300 (equivalent to approximately HK$5,039,000).
Procedures:	Dynasty Renhuai shall conduct the necessary procedures for the Capital Reduction, including but not limited to publication of a notice of capital reduction, amendment of articles of association and business registration of change. Dynasty Renhuai shall settle all outstanding debts before the expiry of the capital reduction notice. The capital shall be returned to Guowei Company within ten (10) working days after completion of the business registration of change by Dynasty Renhuai. The payment is a pre-tax amount. Any related tax incurred shall be withheld and paid by Dynasty Renhuai in accordance with the applicable laws and regulations.
Corporate structure:	The board of directors of Dynasty Renhuai shall have 5 directors, of whom 4 shall be appointed by Dynasty Winery and 1 by Guowei Company. The chairman shall be nominated by Dynasty Winery. All other senior management of Dynasty Renhuai shall be nominated by Dynasty Winery.
Other terms:	Upon completion of the Capital Reduction, the Put Option shall be of no further effect. All other terms of the Joint Venture Cooperation Agreement shall remain in full force and effect, including those relating to the Purchase.

Shareholding structure

The shareholding structure of Dynasty Renhuai immediately before and after completion of the Capital Reduction is and shall be as follows:

Name of shareholder	Immediately before completion of the Capital Reduction		Immediately after completion of the Capital Reduction	
	Dynasty Renhuai's registered capital *(approximately in RMB million)*	Percentage of shareholding	Dynasty Renhuai's registered capital *(approximately in RMB million)*	Percentage of shareholding
Dynasty Winery	5.10	51.0%	5.10	90.0%
Guowei Company	4.90	49.0%	0.57	10.0%
Total	10.00	100.0%	5.67	100.0%

Financial information of Dynasty Renhuai

	For the period from 26 February 2025 (date of establishment) to 31 December 2025 (Audited) *RMB (in'000)*	For the six months ended 30 June 2026 (Unaudited) *RMB (in'000)*
Loss before tax and after tax	58.8	523.6

As at 31 December 2025, the audited net asset value of Dynasty Renhuai was approximately RMB9,941,000 (equivalent to approximately HK$11,559,000). As at 30 June 2026, the unaudited net asset value of Dynasty Renhuai was approximately RMB9,418,000 (equivalent to approximately HK$10,951,000).

Financial effect of the Capital Reduction

Upon completion of the Capital Reduction, Dynasty Renhuai shall remain to be accounted for as a subsidiary of the Group. Financial liability arising from the Put Option shall be derecognised. The Capital Reduction should be accounted for as an equity transaction, the financial impact of which is estimated to a decrease in net asset value of RMB512,000 (equivalent to approximately HK$595,000), which is subject to amendment based on the audited consolidated financial information.

REASONS FOR AND BENEFITS OF THE CAPITAL REDUCTION

The Company is a company incorporated in Cayman Islands with limited liability, which shares are listed on the main board of the Stock Exchange and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in manufacturing and sale of wine products in the PRC. Dynasty Renhuai was established for the trading of sauce-flavour baijiu products nationwide.

The Capital Reduction will enable the Group to gain a super-majority ownership and control of the sauce-flavour baijiu business conducted by Dynasty Renhuai so as to allow the Group's liberty to carry out its strategic plan.

Dynasty Renhuai, as the core pillar enterprise of the baijiu business segment of the Group, its sauce-flavour baijiu racetrack layout is a key measure for the Group to promote the development of the full category, and build an alcoholic beverage industrialisation group. Dynasty sauce-flavour baijiu project is one of the important paths for the Group to achieve revenue breakthrough and profit growth in the long run. In addition, baijiu business segment has formulated complete strategic measures, which has been included in the "Fifteen Five-Year Plan" development plan of the Group, therefore the continuity of business of Dynasty (Renhuai) is necessary.

Although Dynasty Renhuai encountered a period of fluctuation in the baijiu market in the PRC at its establishment in 2025, the baijiu market is tending to be stable in 2026. Leveraging on the advantages of origin and brand, Dynasty Renhuai is actively expanding channels, promoting product structure stratification and building a diversified product matrix of sauce-flavour baijiu to increase the scale of the segment. Accordingly, the Group is confident that by remaining in the sauce-flavour baijiu market, it will be able to expand its income stream.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Reduction Agreement, including the return of capital to Guowei Company are fair and reasonable; and the Capital Reduction Agreement is entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole. None of the Directors is interested in the transactions contemplated under the Capital Reduction Agreement and therefore no Director was required to abstain from voting at the Board meeting approving the Capital Reduction Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Upon completion of the Capital Reduction, the Group's shareholding in Dynasty Renhuai will increase from 51% to 90% and therefore will be treated as an acquisition of further interests in Dynasty Renhuai. As at the date of this announcement, Guowei Company holds 49% of the equity interests of Dynasty Renhuai but does not hold any shares of the Company. Accordingly, it is a connected person of the Company at the subsidiary level only. Therefore, the transaction contemplated under the Capital Reduction Agreement is a connected transaction of the Company exempt from circular, independent financial advice and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the Board of Directors;
"Capital Reduction"	the capital reduction to be conducted pursuant to the Capital Reduction Agreement;
"Capital Reduction Agreement"	the capital reduction agreement dated 3 November 2026 entered into among Dynasty Winery, Guowei Company and Dynasty Renhuai;
"Company"	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Dynasty Renhuai"	Dynasty Fine Wines (Renhuai) Co., Ltd.* (王朝酒業(仁懷)有限公司), a non-wholly owned subsidiary of the Company established pursuant to the Joint Venture Cooperation Agreement, which is owned as to 51% by Dynasty Winery and 49% by Guowei Company as at the date of this announcement;
"Dynasty Winery"	Sino-French Joint-Venture Dynasty Winery Co., Ltd (中法合營王朝葡萄釀酒有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;
"Guowei Company"	Guizhou Province Maotai Town Guowei Winery Group Co., Ltd. * (貴州茅台鎮國威酒業(集團)有限責任公司), a company established under the laws of the PRC with limited liability;

"Guowei Sales Company"	Guizhou Province Renhuai City Maotai Town Guowei Winery Sales Co., Ltd.* (貴州省仁懷市茅台鎮國威酒業銷售有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Guowei Company;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Third Party(ies)"	party(ies) which is(are) third party(ies) independent of the Group and its connected person;
"Joint Venture Cooperation Agreement"	the shareholders cooperation agreement dated 20 December 2024 entered into by Dynasty Winery and Guowei Company in respect of the formation of Dynasty Renhuai;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan for the purpose of this announcement);
"Purchase"	the purchase of sauce-flavour baijiu products by Dynasty Winery and its subsidiaries (including the Joint Venture Company) from Guowei Company and its subsidiaries in accordance with the terms of the Joint Venture Cooperation Agreement
"Put Option"	a put option whereupon the exercise of which would render the equity interests held by Dynasty Winery be increased to 90% and that of Guowei Company be reduced to 10%
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	holders of shares of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules; and
"%"	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK$1.00 = RMB0.860 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

* *for identification purpose*

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

Hong Kong, 3 November 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.