



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

2025
ANNUAL
REPORT

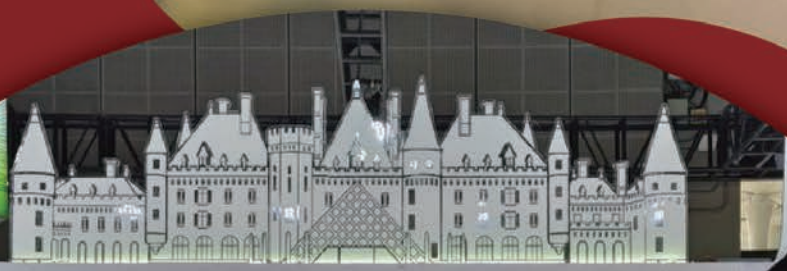




DYNASTY
Since 1980

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DYNASTY
酒的新潮
— 股票代码 | HK00828 2005-2025 —
王朝酒业香港上市20周年

Dynasty Fine Wines Group Limited
王朝酒业集团有限公司



DYNASTY 王朝酒业
中法合营王朝葡萄酒有限公司
2025年上海合作组织天津峰会
官方酒水支持单位
Sino-French Joint Venture Dynasty Winery Co., Ltd.
Official Beverage Sponsor Unit of the 2012 Sino-French
Cooperation Organization (SCO) Tianjin Summit

王朝葡萄酒有限公司
Sino-French Joint Venture Dynasty Winery Co., Ltd.

DYNASTY
王朝酒业



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Corporate Profile

Dynasty is a premier winemaker with a long historical presence in the People's Republic of China ("**PRC**") wine market. Dynasty has inherited the fine traditions and state-of-the-art expertise in winemaking from Remy Cointreau, one of the world's leading wine and spirits operators and our second largest shareholder ever since Dynasty's inception. From grape growing, harvesting, to every single step of winemaking, Dynasty believes in quality. The entire production process is under stringent quality control to ensure the highest standards of our products. In recognition of our high standards, we were accredited with certificates of ISO 9002 in 1996, ISO 14001 in 2000, ISO 9001:2000 in 2002 and HACCP Certificate in 2006.

Dynasty has a diversified product portfolio, catering to various price segments and consumer tastes and preferences. We now make and sell over 100 types of wine products in five main categories, namely red wines, white wines, sparkling wines, ice wine and brandy. We have also introduced sauce-flavour baijiu to the market.

On 26 January 2005, Dynasty was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with the stock code 00828. This year 2025 specially marks the 20th anniversary of listing and the 45th anniversary of establishment of Tianjin winery plant. Having strong support from our major shareholders – Tianjin Food Group Company Limited and Remy Cointreau, Dynasty keeps on providing all consumer strata high quality and "excellent value for money" wines. With enhanced facilities and continual marketing efforts, Dynasty is well positioned to capture the growth potential of the Chinese wine market. We will strive to restore to the glory of Dynasty for the future of all our stakeholders.

Financial Highlights

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	Changes
Revenue from contracts with customers	170,011	271,372	-37%
Gross Profit	53,382	104,720	-49%
Profit attributable to owners of the Company	13,688	33,440	-59%
Basic and diluted earnings per share (<i>HK cents</i>)	0.97	2.37	-59%
	2025	2024	Changes in percentage point
Gross profit margin	31%	39%	-8%
	At 31 December 2025 HK\$'000	At 31 December 2024 <i>HK\$'000</i>	Changes
Equity attributable to owners of the Company	327,575	310,005	
Non-controlling interests	27,405	14,318	
Total equity	354,980	324,323	+9%
Total assets	564,311	580,527	-3%
Total liabilities	209,331	256,204	-18%
Gearing ratio ¹	37%	44%	-7% (in percentage point)
Net assets per share: – book value ² (<i>HK\$</i>)	0.233	0.220	+6%

Notes:

- Gearing ratio represents as total liabilities divided by total assets.
- Net assets per share – book value is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the reporting period.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WAN Shoupeng^(^)
Mr. HE Chongfu
Ms. ZHAO Haijing^(&)

Non-Executive Directors

Ms. Caroline BOIS HERIARD DUBREUIL
Ms. Sophie PHE^(&)
Mr. Alain Jacques Gilbert LI

Independent Non-Executive Directors

Mr. YEUNG Ting Lap Derek Emory^{(#)(&)(^)}
Mr. SUN David Lee^{(#)(&)(^)}
Ms. CHUNG Wai Hang^{(#)(&)(^)}

Audit committee members
& Remuneration committee members
^ Nomination committee members

COMPANY SECRETARY

Mr. HO Yiu Sum

AUTHORISED REPRESENTATIVES

Mr. HE Chongfu
Mr. HO Yiu Sum

LEGAL ADVISERS

Hong Kong
K&L Gates

Cayman Islands

Conyers Dill & Pearman, Cayman

The People's Republic of China

China Commercial (Tianjin) Law Firm

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Hong Kong Office

Room 4309, 43/F,
China Resources Building,
26 Harbour Road, Wanchai,
Hong Kong

Tianjin Office

No. 29 Jinwei Road, Beichen District
Tianjin City, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank
Agricultural Bank of China
China Everbright Bank
Industrial and Commercial Bank of China

Corporate Information

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations (China) Limited

COMPANY WEBSITE

<https://www.dynasty-wines.com>



ONLINE SALES WEBSITE

<https://mall.jd.com/index-11805161.html>
(王朝葡萄酒旗艦店 – 京東) (P.R.C.)



<https://m.tb.cn/h.UtCbPqm>
(王朝葡萄酒旗艦店 – 天貓) (P.R.C.)



Pinduoduo (拼多多) (P.R.C.)



<https://www.dynasty-winesshop.com> (H.K.)



SHARE INFORMATION

Listing date	26 January 2005
Stock short name	Dynasty Wines
Nominal value	HK\$0.1
Number of issued Shares	As at 31 December 2025 1,408,405,886 Shares
Board lot	2,000 Shares

STOCK CODE

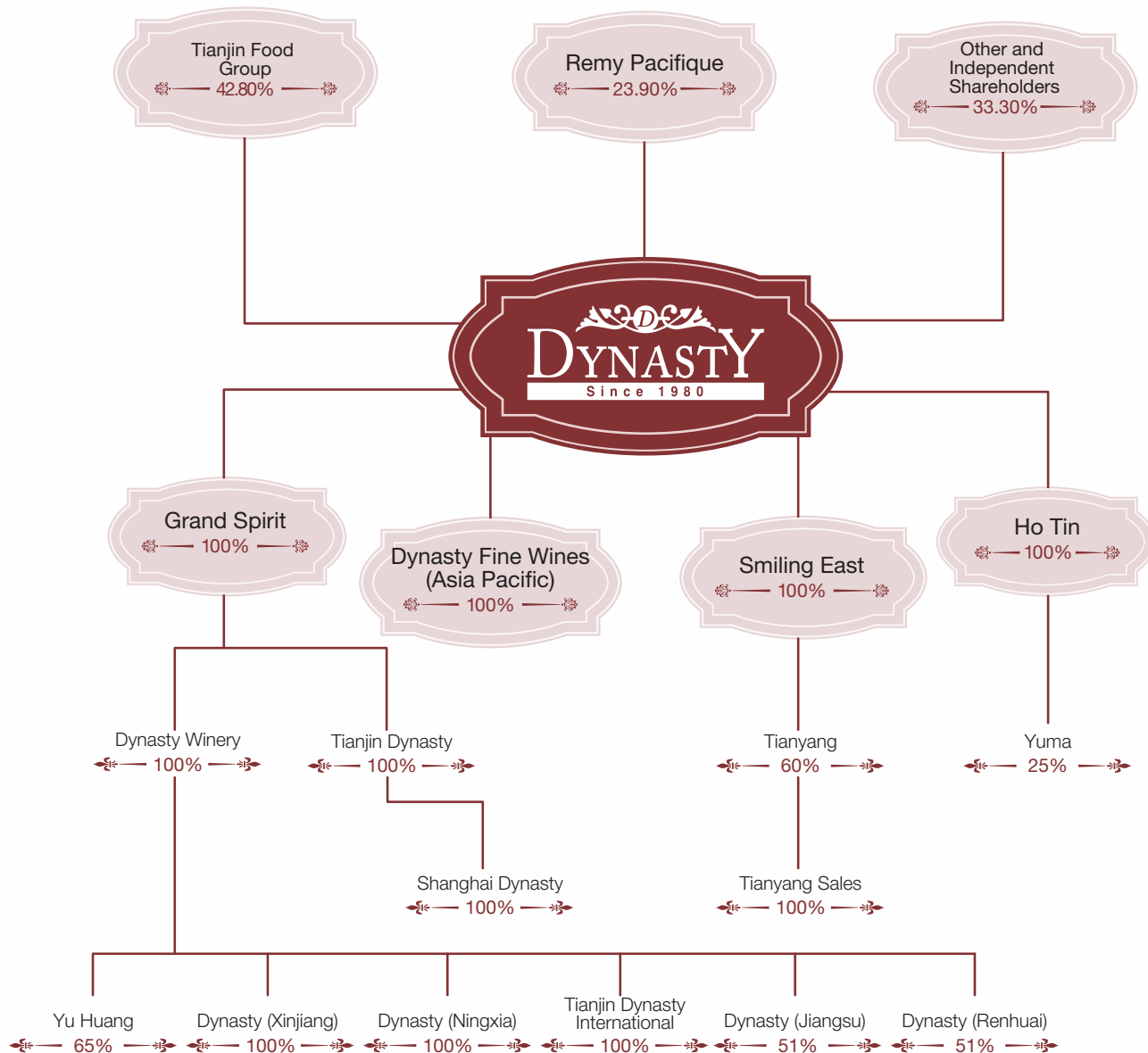
The Stock Exchange of Hong Kong Limited	00828
Reuters	0828.HK
Bloomberg	828:HK

FINANCIAL YEAR END DATE

31 December

Corporate Structure

As at 31 December 2025



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.

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.

Management Discussion and Analysis

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 flavour 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” varieties 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 has 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 Events

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 report.

* for identification purpose

Management Discussion and Analysis

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) in 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 %
Cost of raw materials		
– Grapes and grape juice	43	46
– Yeast and additives	2	2
– Packaging materials	19	20
– Others	1	1
Total cost of raw materials	65	69
Manufacturing overheads	24	22
Consumption tax and other taxes	11	9
Total cost of sales of goods	100	100

The principal raw materials required by the Group for producing wine products are grapes and grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. During the year, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 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.

Management Discussion and Analysis

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 at 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 were mainly due to a decrease in revenue during the year, while marketing expenses increased, especially for promotion in e-commerce business and Tianjin, 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 mainly because of capital contributed 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.

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.

Management Discussion and Analysis

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 (2024 – nil) 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 – nil) 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-major 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 Shandong. 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 report.

Management Discussion and Analysis

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.

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 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.

Management Discussion and Analysis

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 REGULATIONS

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.

Biographies of Directors and Senior Management

The biographies of the Directors and senior management is as follows:

DIRECTORS

Executive Directors

Mr. WAN Shoupeng, aged 52, senior engineer (正高級工程師), was appointed as the executive Director and the chairman of the Company in October 2020. Mr. Wan is also a chairman of nomination committee of the Company. He is currently the secretary of communist party committee, a director and chairman of Tianjin Food Group Company Limited (“**Tianjin Food**”), a controlling shareholder of the Company. Mr. Wan was appointed as a director and the chairman of a subsidiary of the Company, namely, Sino-French Joint-Venture Dynasty Winery Limited (“**Dynasty Winery**”), in September 2020. Mr. Wan graduated from Nanjing University of Economics (南京經濟學院) with a bachelor’s degree in food engineering in 1997. After graduation, he worked in the Technology Development Department of Tianjin Food Research Institute (天津市食品研究所) from 1997 to 2001. From 2001 to 2007, he successively held the positions of assistant to general manager and deputy manager at Tianjin Limin Condiment Brewing Group Company Limited (天津市利民調料釀造集團有限公司). From November 2007 to March 2020, he held various senior management positions at Tianjin Limin Condiment Company Limited (天津市利民調料有限公司), including the deputy secretary of communist party committee, deputy general manager and general manager, and his last positions were secretary of the communist party committee and chairman of Tianjin Limin Condiment Company Limited (天津市利民調料有限公司). He further studied in Tianjin University of Science and Technology and obtained a master’s degree in food science and engineering in 2006, and subsequently obtained a doctorate degree in biotechnology and food engineering in 2015. From 2013 to 2015, he also acted as chief engineer (總工程師) of Tianjin Ershang Group Company Limited (天津二商集團有限公司). He joined Tianjin Food in 2015 and served as chief engineer (總工程師) and subsequently a member of communist party committee. Mr. Wan has extensive experience in the food industry in the PRC and management. He joined the Group in September 2020.

Mr. HE Chongfu, aged 48, was appointed as an executive Director and general manager of the Company in March 2023. Mr. He joined the Group in January 2023 as a deputy secretary of communist party committee, director and the general manager of Dynasty Winery, a subsidiary of the Company. Mr. He graduated from University of Tianjin (天津大學), majoring in precision chemical engineering and engineering management, with double bachelor’s degrees in 2000. He then worked at LG electronics (Tianjin) Appliances Company Limited (樂金電子天津電器有限公司) and Prysmian Group (普睿司曼集團) from 2000 to 2012. His then responsibilities ranged from marketing, sales and export business. Mr. He also obtained a master degree in business administration from Nankai University (南開大學) in 2009. From 2012 to 2020, he held sales and management positions at Tianjin Limin Condiment Company Limited (天津市利民調料有限公司) and his last held position there was a sales director. From 2020 to January 2023, he served as the deputy secretary of communist party committee, director and general manager of Tianjin Food Group Trading Company Limited (天津食品集團商貿有限公司, “**Tianjin Food Trading**”). Tianjin Limin Condiment Company Limited (天津市利民調料有限公司) and Tianjin Food Trading are both subsidiaries of Tianjin Food, the controlling shareholder of the Company. Mr. He has extensive experience in sales, trading and management.

Biographies of Directors and Senior Management

Ms. ZHAO Haijing, aged 46, was appointed as the executive Director in February 2026. Ms. Zhao is also a member of remuneration committee of the Company. Ms. Zhao serves as the deputy secretary of communist party committee, chairman of the trade union, and employees' director of Dynasty Winery, a wholly-owned subsidiary of the Company. Ms. Zhao graduated from Tianjin Institute of Commerce with a bachelor's degree in food science and engineering in 2001. From July 2001 to June 2016, she held various positions at Tianjin Limin Condiment Company Limited (天津市利民調料有限公司), and her last held position there was minister in the production technology department. Subsequently, she joined Dynasty Winery in July 2016 and have held positions such as deputy general manager of production and management units, chairman of the trade union, deputy secretary of communist party committee, and employees' director. She is in charge of the trade union, office of communist party committee, and human resources centre. Ms. Zhao has extensive experience in production and operation, human resources management, and union work.

Mr. HUANG Manyou, aged 60, accountant, was appointed as the executive Director in October 2020. Mr. Huang was also a member of remuneration committee of the Company. He has been deputy general manager of Dynasty Winery until January 2023 and was secretary of communist party committee and a director of Dynasty Winery and a director of Tianjin Dynasty Winery Sales Company Limited, both are subsidiaries of the Company. After graduating from Tianjin Second Commercial School (天津第二商業學校) majored in financial statistics in 1985, Mr. Huang worked successively in Tianjin Poultry and Egg Company (天津市禽蛋公司) and Tianjin Frozen Food Company (天津市冷凍食品公司) until 1995, during which he studied business management at Tianjin Xinhua Staff College (天津新華職工大學) with a diploma degree. In following years from 1995 to 2017, he held various management positions in Tianjin Lida Group Company Limited (天津立達集團有限公司) including accounting manager, assistant to the general manager, and his last positions were deputy chief accountant and head of finance department. During the period from 2008 to 2011, he graduated from the Party School of the Central Committee (中央黨校), majoring in economics and management for postgraduate. Mr. Huang has extensive experience in financial accounting and management. He joined the Group in August 2017 and resigned in February 2026.

Biographies of Directors and Senior Management

Non-executive Directors

Ms. Caroline BOIS HERIARD DUBREUIL, aged 49, was appointed as a non-executive Director and vice-chairwoman of the Company in August 2025. Ms. Bois has been vice-chairwoman of the board of directors, also member of the audit-finance committee and member of the nomination & remuneration committees of Rémy Cointreau S.A. since 2022. She is deputy chief executive officer of Andromède S.A.S., chairwoman of the board of directors and chief executive officer of Orpar S.A. Both Andromède S.A.S. and Orpar S.A. are the holding companies of Rémy Cointreau S.A. (EPA.RCO), a substantial shareholder of Company, which is listed on Euronext Paris. Ms. Bois has sit, among all, on the board of directors as well as the audit committee of Oeneo S.A. (EPA.SBT), which is listed on Euronext Paris, since 2019, the board of directors and audit committee of EthiFinance S.A.S. since July 2020, and she is also director of MdGroup (Microdrones) and Alboran. Rémy Cointreau, Oeneo, MdGroup, Alboran and EthiFinance Groups are majority owned by the family holding company Andromède S.A.S.. She joined Andromède S.A.S. as chief operating officer in 2019.

Ms. Bois is also the chairwoman of the Heriard Dubreuil family foundation: Famille Partage Espérance endowment fund. The initial focus is to develop and finance multi-generation buildings as an alternative to the existing social framework and infrastructure.

Ms. Bois holds a master at HEC Paris and an executive program MAP at INSEAD. Caroline Bois Heriard Dubreuil has held, since 1998, various management positions, between France and Singapore, within the companies: Freelance.com, Dictis and International SOS in the financial and project management fields, before joining Rémy Cointreau as Group Financial Planning and Control Director in 2014. Ms. Bois has extensive experience in finance and management.

Ms. Sophie PHE, aged 45, was appointed as a non-executive Director in August 2024 and is also a member of remuneration committee of the Company. Ms. Phe is an executive committee member of Rémy Cointreau Group, a substantial shareholder of the Company. Graduated from Toulouse Business School, Ms. Phe started her career in France in Marketing for Savencia group in 2003. She joined Rémy Cointreau in 2007 in Paris where she occupied different marketing roles for cognac brands before expatriating to Shanghai in 2016. She was appointed as China Vice President of Rémy Martin and Louis XIII in 2021 and became the Chief Executive Officer of Rémy Cointreau Greater China in 2022. Ms. Phe is also a member of the Foreign Spirits Producers Association in China. Ms. Phe is a bicultural CEO leveraging 23 years of experience at the crossroads of European heritage and China market reality to drive growth for luxury and wine & spirits brands.

Biographies of Directors and Senior Management

Mr. Alain Jacques Gilbert LI, aged 65, was appointed as a non-executive Director in August 2024. Mr. Li was regional chief executive, Asia Pacific of luxury group Richemont from 2006 to 2023, where he was responsible for overseeing and cultivating Richemont's luxury Maisons in the APAC region. Prior to Richemont, Mr. Li was chief financial officer of IDT International and president of the group's lifestyle electronics brand, Oregon Scientific, from 2001 to 2005. From 1992 to 2001, he worked at Riso Europe in various capacities and ultimately as president of Riso Europe. Mr. Li served various finance and management capacities and positions in U.S., European and Japanese companies after graduation from City, University of London, with a bachelor degree in economics and accounting.

Mr. Li has extensive experience in finance and management. Mr. Li is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of The Institute of Directors. Mr. Li currently serves as an independent non-executive director of Rémy Cointreau S.A., a substantial shareholder of the Company, which is listed on Euronext Paris (EPA: RCO) and a director of Las Vegas Sands Corp., which is listed on New York Stock Exchange (NYSE: LVS). He also serves as a director of Laureus Sport For Good Hong Kong Ltd. He has been president of the French Chamber of Commerce and Industry in Hong Kong since 2022. He also holds a number of advisory positions with SIA Partners and Philips Auction House.

Mr. HÉRIARD-DUBREUIL Francois, aged 77, was appointed as the vice-chairman and a non-executive Director in August 2004 and retired in June 2025. He has been the director and vice-chairman of Dynasty Winery, a subsidiary of the Company, since May 1980. He is also a director of subsidiary of the Group. He has also been the chairman of the supervisory board of Remy Cointreau S.A., a company listed on the Euronext Stock Exchange, from December 2000 to September 2004, chairman of Orpar S.A., the holding company of Remy Cointreau, from 1997 to 2021 and non-voting member of board of director of Oeneo S.A., a company listed on the Euronext Stock Exchange. Mr. Heriard-Dubreuil joined Remy Martin & Co. S.A. in 1977 prior to its merger with Cointreau & Cie. He was appointed as the director of the Remy Cointreau Group in 1990 and was then the non-voting member of board of director of Remy Cointreau S.A. He has over 40 years of experience in the wines industry and has held various senior positions within Remy Martin Group, including chairman of the Remy Martin Group from September 1984 to July 1990. He is chairman of the Fondation INSEAD, France, Member of INSEAD French Council. He graduated from Université de Paris with a degree of Maitrise Es Sciences in 1970 and a master degree of business administration from INSEAD, France in 1975.

Biographies of Directors and Senior Management

Independent non-executive Directors

Mr. YEUNG Ting Lap Derek Emory, aged 53, was appointed as an independent non-executive Director in January 2011. Mr. Yeung is also chairman of audit committee, a member of remuneration committee and nomination committee of the Company. He holds a bachelor degree in applied mathematics and economics from Brown University and a master degree in business administration and accounting from Northeastern University, both in the United States of America. Mr. Yeung is also the chief executive officer and co-founder of she.com International Holdings Limited, a co-founder of Chef Nic Holdings Limited. Prior to founding she.com, Mr. Yeung was an associate with Telecom Venture Group Limited and a consultant with Arthur Andersen & Company both in Boston and Hong Kong. Mr. Yeung is qualified as a certified public accountant in the United States of America and he is a member of the Chinese People's Political Consultative Conference of Jiangsu Province.

Mr. SUN David Lee, aged 60, was appointed as an independent non-executive Director in November 2012. Mr. Sun is also a member of audit committee, remuneration committee and nomination committee of the Company. Mr. Sun is an executive director of Huicheng International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Until 2024, he was co-founder and chief operating officer of 01Fintech Group Limited, the general partner of 01Fintech LP ("**01Fintech**"), a fintech-focused private equity fund. Prior to 01Fintech, he was a director and co-founder of CEC Management Limited, the management company of China Enterprise Capital Limited ("**CEC**"), a China-focused private equity fund. Prior to CEC, he was a director at Pacific Alliance Group Limited, (now PAG). He was also a consultant in the corporate finance and strategy practice of McKinsey & Company, Inc. in Hong Kong. Prior to his position at McKinsey, Mr. Sun practised law with Mayer Brown and subsequently, Linklaters. Mr. Sun holds a Juris Doctor from the University of Illinois College of Law. He is a registered attorney in Illinois of the U.S.

Ms. CHUNG Wai Hang, aged 56, was appointed as an independent non-executive Director in December 2023. Ms. Chung is also the chairman of remuneration committee, a member of audit committee and nomination committee of the Company. Ms. Chung holds a bachelor's degree of Social Science from Lingnan University and a master's degree of Science in International Real Estate with distinction from Royal Agricultural University, the United Kingdom. Ms. Chung has about 30 years of experience in private enterprises and listed companies in Hong Kong, and has led one of the Hong Kong companies with manufacturing plants in mainland China to carry out business development and general management. She has professional knowledge in real estate development and corporate governance, and practical experience in domestic and overseas investment, asset and portfolio management and valuation in the past 10 years. Ms. Chung is a member of Hong Kong General Chamber of Wine & Spirits and a life member of The Hong Kong Independent Non-Executive Director Association, and she is also an independent non-executive director of Solargiga Energy Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. HO Yiu Sum, aged 50, is the financial controller and company secretary of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of United Kingdom, and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He has a bachelor's honours degree in accountancy and a master's honours degree in Corporate Governance in Hong Kong Polytechnic University. Mr. Ho has extensive experience in auditing, company secretarial work and financial management of listed companies. Before joining the Group, he worked in one of international accounting firms.

Corporate Governance Report

The board (the “**Board**”) of directors (the “**Directors**”) and senior management of the Company are committed to maintaining high standards of corporate governance and believe that high standards of corporate governance are essential to the sustainable growth and success of the Company and provide a practice enhancing greater accountability and transparency and meeting the expectations of all of the Group’s stakeholders.

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.

The following sections set out how the principles in the Code have been complied with by the Company during the year ended 31 December 2025:

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.

BOARD OF DIRECTORS

The Board believes that high standards of corporate governance are essential to the sustainable growth and success of the Company and provided guidelines enhancing greater accountability and transparency and meeting the expectations of all of the Group’s stakeholders.

The Board has adopted these guidelines, which reflect the Company’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Group.

The Board will review these guidelines annually, or more often if warranted, and recommend such changes as it determines necessary and appropriate in light of the needs of the Company and legal, regulatory and other developments.

The Board represents the Shareholders’ interests in maintaining and growing a successful business including optimising consistent long term financial returns. The Board is responsible for the stewardship of the Company and is accountable for determining that the Group is managed in such a way as to achieve this objective.

Corporate Governance Report

Composition of the Board

For the year ended 31 December 2025

Board members

Executive Directors

Wan Shoupeng (*Chairman*)
He Chongfu
Huang Manyou (resigned on 3 February 2026)

Non-executive Directors

Caroline Bois Heriard Dubreuil (*Vice-chairwoman*) (appointed on 25 August 2025)
Sophie Phe
Alain Jacques Gilbert Li
Heriard-Dubreuil Francois (*Vice-chairman*) (retired on 26 June 2025)

Independent non-executive Directors

Yeung Ting Lap Derek Emory
Sun David Lee
Chung Wai Hang

Ms. Caroline Bois Heriard Dubreuil obtained the legal advice and finalised procedures referred to in Rule 3.09D of the Listing Rules on 20 August 2025 and she has confirmed that she understood her obligations as a director of the Company.

Ms. Zhao Haijing was appointed as executive director of the Company on 3 February 2026 and has obtained the legal advice and finalised procedures referred to in Rule 3.09D of the Listing Rules on 29 January 2026.

The biographies of the Directors are set out in the “Biographies of Directors and Senior Management” section, which demonstrate a diversity of knowledge, skills, experience and qualifications.

Pursuant to the requirements of Rule 3.13 of the Listing Rules, the Company has also received annual confirmation of independence to the Company from all independent non-executive Directors (“**INEDs**”). The Board has assessed their independence and considered that all the INEDs are independent.

Ms. Caroline Bois Heriard Dubreuil, Ms. Sophie Phe and Mr. Alain Jacques Gilbert Li held or continue to hold directorships or other management positions within the group comprising Andromede S.A.S. (the ultimate controlling shareholder of Remy Pacifique Limited, a substantial shareholder of the Company), its subsidiaries and joint venture companies. Mr. Wan Shoupeng, Mr. He Chongfu and Mr. Huang Manyou held or continue to hold directorships or other management positions within the group comprising Tianjin Food (which is the controlling shareholder of the Company), its subsidiaries and associated companies. Other than as described above, there was no other relationship (including financial, business, family or other material/relevant relationship(s)) among the Directors and in particular, there was no relationship between Mr. Wan Shoupeng, the Chairman and Mr. He Chongfu, the general manager, during the year ended 31 December 2025.

Corporate Governance Report

The Board

The Board oversees the Group's overall strategic directions, businesses and financial performance. It assumes responsibilities for strategy formulation, corporate governance and performance monitoring. Daily operations and administration are delegated to the management with divisional heads responsible for different aspects of the business. The main responsibilities of the management of the Company is to manage, operate and co-ordinate the business of the Company, execute the strategies formulated by the Board and make decisions in respect of daily matters. Moreover, the Board has also delegated various responsibilities to the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the audit committee (the "**Audit Committee**") of the Company. Further details of the roles and duties of these committees are set out in this report.

The Board provides insights regarding the Group's culture and values. The Group's mission is to capture market opportunities in the wine industry in the PRC and to maintain as one of PRC leading grape wine producers. As a responsible food producer, the Company commits to fulfil its corporate social responsibility to ensure food safety and product quality. With the promotion of the Board, all Directors lead by example and employees follow regulations and act with integrity, and continually reinforce the value of acting lawfully, ethically and responsibly.

The Board is also responsible for performing corporate governance duties including the developing, reviewing and monitoring of the Company's corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of the Directors and senior management, the Company's policies and practices on the compliance with the legal and regulatory requirements, developing, reviewing and monitoring the Model Code, and reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the annual report of the Company.

The major work performed by the Board during the year ended 31 December 2025 included reviewing, monitoring and, where applicable, approving the following matters:

- the Company's policies and practices on corporate governance and code of conduct.
- training and continuous professional development of the Directors and senior management.
- the Company's policies and practices on compliance with legal and regulatory requirements.
- compliance with the Code and the disclosure in the corporate governance report.

Corporate Governance Report

The Board has five scheduled meetings a year and meets more frequently as and when required. During the year, four regular board meetings and one ad-hoc board meeting were held. Notice of 14 days or more was given to all Directors to attend a regular board meeting. Their individual attendance record, on a named basis, during the year ended 31 December 2025 are set out in the table below:

Board Members	Board meetings attended/held
Executive Directors	
Wan Shoupeng (<i>Chairman</i>)	5/5
He Chongfu	5/5
Huang Manyou (resigned on 3 February 2026)	5/5
Non-executive Directors	
Caroline Bois Heriard Dubreuil (<i>Vice-chairwoman</i>) (appointed on 25 August 2025)	2/2
Sophie Phe	4/5
Alain Jacques Gilbert Li	5/5
Heriard-Dubreuil Francois (<i>Vice-chairman</i>) (retired on 26 June 2025)	3/3
Independent non-executive Directors	
Yeung Ting Lap Derek Emory	5/5
Sun David Lee	5/5
Chung Wai Hang	5/5

Board minutes prepared and kept by the company secretary are sent to the Directors for records and are opened for inspection at any reasonable time on reasonable notice by any Directors.

All Directors are supplied with comprehensive board papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event at least 3 days before the Board meeting), including business and financial reports covering the Group's principal business activities, financial highlights and operational review. All Directors are given opportunities to include matters in the agenda for regular board meetings. Where queries are raised by a Director, steps would be taken to respond as promptly and fully as possible.

If so required, the Directors are free to have access to the management for enquiries and to obtain further information so as to facilitate the decision-making process.

Every Director has unrestricted access to the advice and services of the company secretary.

The chairman of the Board also held meeting with INEDs without the presence of other Directors.

Corporate Governance Report

The Directors are continually updated with legal and regulatory developments, business and market changes and development of the Company to facilitate the discharge of their responsibilities. The company secretary from time to time updates and provides briefings and written training materials to the Directors, regarding the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities. In addition, the Directors can obtain independent professional advice upon reasonable request at the Company's expense in discharging their duties to the Company.

Induction tailored kit would be given to newly appointed Directors, if any, to their individual needs. This would enable them to have better understanding of the Group's businesses and policies.

During the year ended 31 December 2025, all Directors participated in continuous professional development to develop and refresh their knowledge and skills by reading material relevant to the Directors' duties and responsibilities. The company secretary maintained Directors' records of training received by them during the year.

The training received by the Directors during the year 2025 is summarised below:

Name of Directors	Types of training
Executive Directors	
Wan Shoupeng	A, B
He Chongfu	A, B
Huang Manyou (resigned on 3 February 2026)	A, B
Non-executive Directors	
Caroline Bois Heriard Dubreuil (appointed on 25 August 2025)	A, B
Sophie Phe	A, B
Alain Jacques Gilbert Li	A, B
Heriard-Dubreuil Francois (retired on 26 June 2025)	B
Independent non-executive Directors	
Yeung Ting Lap Derek Emory	B
Sun David Lee	B
Chung Wai Hang	A, B

A – Attending briefings/seminars/conferences/forums

B – Reading/studying training or other materials

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The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Non-executive Directors and independent non-executive Directors have the same fiduciary duties, duties of care and skills as executive Directors. Non-executive Directors provide the Group with a wide range of knowledge and expertise in the wine industry. INEDs also participate actively in board meetings, contribute to the development of strategies and policies and make sound judgement in various aspects. They will take a lead when potential conflicts of interest arise. Independent board committee comprising all INEDs will be formed to advise the independent Shareholders on those connected transactions to be approved by the independent Shareholders at the extraordinary general meeting (“EGM”) of the Company as appropriate. They are also members of various board committees who devote sufficient amount of time and attention to the affairs of the Company.

Mechanism ensuring independent views available to the Board

The Company established these mechanisms which are to ensure that a strong independent element on, and independent views and input are available to, the Board.

Composition of the Board and Board Committees

The Board endeavours to ensure the appointment of at least three INED(s) and at least one-third of its members being INEDs. Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules regarding the nomination and appointment of INEDs.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

Board Decision Making

INEDs (as other Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from company secretary of the Company and, where necessary, independent advice from external professional advisers at the expense of the Company.

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INEDs (as other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Chairman of the Board shall at least annually hold meetings with the INEDs without the presence of other Directors to discuss major issues and any concerns.

The Board has made a review of the implementation and effectiveness of this mechanism on an annual basis.

Directors' appointment, re-election and removal

Pursuant to the articles of association of the Company (the "**Articles of Association**"), every Director shall be subject to retirement by rotation at least once every three years and a Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. The new Director shall not be taken into account in determining the number of Directors who are to retire by rotation at that general meeting.

All non-executive Directors and the independent non-executive Directors were appointed for a term of one to three years, but they are subject to retirement by rotation and re-election at the annual general meeting (the "**AGM**") of the Company pursuant to the Articles of Association.

Board Diversity Policy

The Board adopted the board diversity policy ("**Board Diversity Policy**") in accordance with the requirement set out in the Code. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard to the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board.

Having reviewed the Board composition, Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level and had added female candidate and recommended to the board for the appointment as a director, so as to enhance the gender diversity among the Board members during the year ended 31 December 2025. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

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However, the Board recognises the importance of diversity in the workforce level. The Group employs staff by talents, covering different genders, ages, religions etc. The gender ratios in the workforce by the end of the year of 2025 were as follows:

Overall male to female ratio Male 65.1%; Female 34.9% (2024: Male 66.7%; Female 33.3%)

By rank and gender:

Office staff:

 Director and management level Male 70.0%; Female 30.0% (2024: Male 80.0%; Female 20.0%)

 Officers and others Male 59.0%; Female 41.0% (2024: Male 60.0%; Female 40.0%)

Production staff: Male 81.5%; Female 18.5% (2024: Male 79.2%; Female 20.8%)

Whistleblowing Policy

The Group is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and those deal with the Group to raise concerns, in confidence, to Audit Committee and the Board about possible improprieties relating to the Group. The report from the whistleblower would be kept confidential.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to encourage employees and persons dealing with the Company to raise concerns about possible improprieties relating to the Group and to provide them with reporting channels in confidentiality for such purposes; and
- to enable the Group to remedy a misconduct or malpractice before serious damage is caused.

Nomination Policy

Nomination policy of the Group ("**Nomination Policy**") is in place and was adopted in writing taking into consideration of the revised Listing Rules which became effective from 1 January 2019. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for appointment to the Board.

The Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the committee prior to its meeting. Alternatively, such nomination may be approved by the committee by way of written resolutions. For filling a casual vacancy, the committee shall make recommendations for the Board's consideration and approval.

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Nomination Committee

The Nomination Committee was first formed in March 2012 with written terms of reference in compliance with the Code. The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering their experience in the industry, diversity, skill and competence, as well as the independence (in case of selection of INEDs) of the nominees, to ensure that nominations are fair. During the year ended 31 December 2025, the chairman of the Nomination Committee was Mr. Wan Shoupeng, an executive Director and other members comprised Mr. Yeung Ting Lap Derek Emory, Mr. Sun David Lee and Ms. Chung Wai Hang, all being INEDs. INEDs constituted the majority of the Nomination Committee.

During the year ended 31 December 2025, the Nomination Committee had reviewed the structure and diversity of the Board (including gender, age, competency, professional knowledge and experience), the existing Nomination Policy and updated Board Diversity Policy, and the implementations of the Policy; making recommendations to the Board on the re-appointment of Directors who retired from office by rotation at the AGM held in 2025 and offered themselves for re-election; making recommendations to the Board on appointment of new directors; succession planning for Directors and assessed the independence of INEDs. The Board had approved the recommendations of the Nomination Committee during the year. Their individual attendance records, on a named basis, during the year ended 31 December 2025 are set out in the table below:

Name of member	Meetings attended/held
Wan Shoupeng (<i>chairman</i>)	1/1
Yeung Ting Lap Derek Emory	1/1
Sun David Lee	1/1
Chung Wai Hang	1/1

The terms of reference of the Nomination Committee are available from the company secretary at any time and the information in respect of the Nomination Committee is included on the websites of the Company and the Stock Exchange.

DIVISION OF RESPONSIBILITIES

The positions of the chairman of the Board (the “**Chairman**”) and general manager (“**General Manager**”) (which is equivalent to the chief executive) are separate to ensure a clear distinction between their responsibilities. Mr. Wan Shoupeng as the Chairman is responsible for the leadership to and effective running of the Board in terms of establishing policies and business directions. The Chairman ensures that the Board is functioning effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. Mr. He Chongfu as the General Manager is responsible for providing leadership for effective running of the Company’s business, implementation of the approved strategies in achieving the overall commercial objectives and management of Company’s relationships with its stakeholders.

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The Board comprises three INEDs who bring in strong independent judgement, knowledge and experience to the Board. In addition, each executive Director is delegated individual responsibility to monitor and oversee the operations of a specific area, and to implement the strategies and policies set by the Board. As noted above and below, all Audit Committee members and a majority of the Remuneration Committee and Nomination Committee members are INEDs. This structure ensures that a sufficient balance of power and authority exists within the Group. During the year ended 31 December 2025, the Chairman led the Board and ensured that all Directors were properly briefed on issues to be discussed at board meetings.

REMUNERATION OF DIRECTORS

Remuneration Committee

The Remuneration Committee was first formed in 2005. The Remuneration Committee is responsible for making recommendations to the board on the remuneration packages of individual executive Directors and the senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management of the Group and other matters relating to remuneration.

During the year ended 31 December 2025, the chairman of the Remuneration Committee was Ms. Chung Wai Hang, an INED, and other members comprised Mr. Huang Manyou, an executive Director (resigned on 3 February 2026), Ms. Sophie Phe, a non-executive Director, Mr. Yeung Ting Lap Derek Emory and Mr. Sun David Lee, both being INEDs. INEDs constituted the majority of the Remuneration Committee.

INEDs constituted the majority of the Remuneration Committee. The terms of reference of the Remuneration Committee are summarised as follows:

- i) To make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on remuneration for the Company;
- ii) To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors and independent non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- iii) To review and approve performance-based remuneration with reference to the corporate goals and objectives resolved by the Board from time to time;

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- iv) To review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- v) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- vi) To ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- vii) To review and/or approve matters relating to share schemes under Chapter 17 of Listing Rules.

During the year ended 31 December 2025, the Remuneration Committee had reviewed the remuneration package and performance of executive Directors as well as the terms of their service contracts or appointment letters, and reviewed Directors' remuneration package, and the remuneration of newly appointed directors. The Board had approved the recommendations of the Remuneration Committee during the year. The Remuneration Committee members' individual attendance record, on a named basis, during the year ended 31 December 2025 is set out in the table below:

Name of member	Meeting attended/held
Chung Wai Hang (<i>chairman</i>)	1/1
Huang Manyou (resigned on 3 February 2026)	1/1
Sophie Phe	1/1
Yeung Ting Lap Derek Emory	1/1
Sun David Lee	1/1

The terms of reference of the Remuneration Committee are available from the company secretary at any time and the information in respect of the Remuneration Committee is included on the websites of the Company and the Stock Exchange.

Remuneration package for Directors and senior management

The remuneration for the executive Directors comprises basic salary, discretionary annual bonus, housing allowances and pensions.

Salary adjustments were made where the Remuneration Committee took into account the performance, contribution and increased responsibilities of the individual during the year, the inflation price index and/or by reference to market/sector trends.

Apart from basic salary, executive Directors and employees were eligible to receive a discretionary bonus taking into account factors such as market conditions as well as the corporate and the individual's performance during the year. During the year ended 31 December 2025, the Company did not pay any discretionary bonus to the executive Directors.

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The remuneration payable to members of the senior management (including executive Directors) of the Company by band for the year ended 31 December 2025 was as follows:

Remuneration bands (HK\$)	Number of individuals
1,500,001 – 2,000,000	1
0 – 1,000,000	2

Details of the amount of Directors' emoluments during the year ended 31 December 2025 are set out in Note 33 to the financial statements.

ACCOUNTABILITY AND AUDIT

The Board is responsible for continual enhancement of corporate governance practices and evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and the management should provide a confirmation to the Board on the effectiveness of these systems.

The Directors also acknowledge their responsibility for the preparation of the financial statements for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows for that year. In preparing the financial statements for the year ended 31 December 2025, HKFRS Accounting Standards have been adopted, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Directors and the auditor acknowledged their responsibilities for the consolidated financial statements for the year ended 31 December 2025 as set out in the independent auditor's report on pages 64 to 68 of this annual report.

Risk management and internal control

The Board acknowledges its responsibilities for maintaining a sound risk management and internal control systems of the Group and reviewing their effectiveness on an ongoing basis. The risk management and internal control systems can only provide reasonable, though not absolute, assurance against material misstatement or loss, and manage rather than eliminate risks of failure to achieve business strategies. The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations from budgets and targets.

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The relevant executive Directors and senior management are delegated with respective level of authorities. Yearly budgets of the Company are reviewed and approved by the Board. The relevant executive Directors and senior management have specific responsibilities for monitoring the performance, conduct and operations of each subsidiary within the Group by the review of the disparity between actual results and yearly budgets. Regular and ad hoc reports will also be prepared for the Board and its committees, to ensure that Directors are supplied with all the information they require in a timely and appropriate manner.

In addition to the above, the Audit Committee has reviewed the effectiveness of its risk management (including risk related to environment, society and governance (“**ESG**”)) and internal control systems on all major operations of the Group by discussion with the management on risk areas identified by the management and/or auditors and by appointing internal control advisor to check and review the Group’s operations and transactions; and ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting functions.

The Board and the Audit Committee considered that key areas of the Group’s risk management and internal control systems were reasonably implemented and the Group has substantially complied with the Code regarding risk management and internal control systems.

Main features of the risk management and internal control systems

Main features of the risk management and internal control systems are described below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases (by procedures including interview and questionnaires of divisions or departments, and process review on procedural controls) to identify, evaluate and manage material risks by the Group:

Risk Identification

- To identify risks that may potentially affect the Group’s business and operations, a risk management framework is established to identify the targeted risks after considering their potential business impact and the likelihood of occurrence;

Risk Assessment

- To consider the impact on the business and the likelihood of their occurrence;

Risk Response

- To prioritise the risks by comparing the results of the risk assessment;
- To determine the processes to prevent, avoid or mitigate the risks;

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Risk Monitoring and Reporting

- To perform ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; and
- If found any material risks, immediately reports to the Board and follows up the status of the improvement of the matter.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Group has engaged internal control adviser to assist the annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2025. Such review is conducted annually. The scope of review covering material controls was determined and approved by the Audit Committee. The assessment report was reviewed by the Audit Committee and the Board. No major issue but areas for improvement to the Group’s risk management and internal control systems have been identified. All recommendations are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board and the Audit Committee therefore considered that the risk management and internal control systems were effective and adequate.

Internal Audit Function

The Company has set up the audit department (serving function of the internal audit team) to facilitate the reform of the Company’s procedures. The department is separate and independent of the operation and management system of the Group. The upmost responsible officer for internal control and audit of the Group is the professional staff with internal control and/or audit experience.

The department plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports on a regular basis throughout the year.

The department works with the internal control adviser to conduct internal audit reviews on the relevant controls and compliance with policies and procedures of the Group at both operational and corporate levels.

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Information Disclosure Policy

The Company has adopted an information disclosure policy to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules.

The policy regulates the handling and dissemination of inside information, which includes:

- The designated department reports any potential inside information to designated persons;
- Designated persons to determine disclosure as required;
- Designated persons authorised to act as spokespersons and respond to external enquiries; and
- Information being non-exclusively and widely disclosed to the public through various ways such as reviewed or audited financial reports and announcements published on the Company's website where its fair disclosure policy is disclosed.

AUDIT COMMITTEE

The Audit Committee is primarily responsible for reviewing and supervising the financial reporting process, risk management and internal control systems of the Group, ensuring compliance with the applicable accounting principles and practices, and to provide advice and comments thereon to the Board, as well as to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and assessing their independence and performance.

During the year ended 31 December 2025, the Audit Committee comprised three INEDs, the chairman of the Audit Committee was Mr. Yeung Ting Lap Derek Emory and the other members were Mr. Sun David Lee and Ms. Chung Wai Hang, who together have substantial experience in audit, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has reviewed the Group's financial and accounting policies and practices, and the Group's financial statements for the year ended 31 December 2024 in conjunction with the Company's auditors and reviewed the risk management and internal control systems of the Group.

In fulfilling its responsibilities, the work performed by the Audit Committee during the year ended 31 December 2025 included the following:

- reviewed the draft annual financial statements for the year ended 31 December 2024 of the Group prior to recommending them to the Board for discussion;
- reviewed the draft interim financial statements for the six months ended 30 June 2025 of the Group prior to recommending them to the Board for discussion;
- reviewed the progress results of external audit, and discussion with the external auditors on any key findings on internal control and audit issues, as well as the reports relating to 2025 annual audit plan;

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- reviewed the developments of accounting standards in conjunction with the external auditors;
- reviewed the Company's compliance with the Code and other legal and regulatory requirements;
- reviewed the disclosure in the corporate governance report;
- reviewed the effectiveness of the Company's internal audit function;
- considered major assessment findings on internal control matters as delegated by the Board or on its own initiative and the management's response to these findings; and
- reviewed and considered effectiveness of the Company's risk management and internal control systems including the assessment report from internal control adviser (please also refer to the above section headed "Accountability and audit" for details).

During the year ended 31 December 2025, the Audit Committee met twice, together with executive Directors, the financial controller and the external auditors. Please refer to the table below for the attendance record of individual Audit Committee members:

Name of member	Meeting attended/held
Yeung Ting Lap Derek Emory (<i>chairman</i>)	2/2
Sun David Lee	2/2
Chung Wai Hang	2/2

The terms of reference of the Audit Committee is available from the company secretary at any time and the information in respect of the Audit Committee is included on the websites of the Company and the Stock Exchange.

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AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the remuneration paid/payable to the auditor in respect of audit and non-audit services provided by the auditor to the Group is set out below:

Nature of services	Amount <i>(HK\$'000)</i>
Audit services	1,933
Non-audit services (which included review of continuing connected transactions and preliminary results announcement)	143

DIVIDEND POLICY

The payment and the amount of any dividends are subject to the recommendation of the Directors in accordance with the relevant laws, rules and regulations and dependent on, inter alia, the Group's operating results, cash requirements and availability, financial position, acquisition opportunities and future prospects.

Referring to the announcement of the Company dated 10 December 2024, under the Dividend Distribution Plan for the three financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 approved by the Board, having considered the Company's current development, future capital expenditure, cash flow position, and subject to the provisions of the Company's articles of association, as well as the final approval by the Board at the relevant time, it is envisaged that the amount of dividend payment of the Company in financial years 2024 to 2026 will be at a range of 30% to 50% of the annual recurring net profit attributable to the owners of the Company relating to the principal business of the Group. During the aforesaid period, the Company will strive to increase the dividend payout amount year by year.

COMMUNICATION WITH SHAREHOLDERS

Policy and channels

The Board has adopted a Shareholders' communication policy which aims to ensure the Company's Shareholders, both individual and institutional and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

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Communication with the Shareholders is given high priority. In order to develop and maintain a continuing investors' relationship with the Shareholders, the Company has established various channels of communication with its Shareholders:

- 1) the AGM provides opportunities for the Shareholders to meet and raise questions to the Directors, the management and the external auditors. Members of the Board and the Audit, the Remuneration and the Nomination Committees, and external auditors will attend the AGM. The Group encourages all Shareholders to attend. Shareholders can raise any comments on the performance and future directions of the Company and exchange views with the Directors, members of Board Committees, the management and the external auditors at the AGM. The notice of the AGM will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders after the date of the forthcoming AGM has been determined. The Company will also publish further announcement in respect of the closure of register of members for AGM (if applicable);
- 2) the Company's website at www.dynasty-wines.com provides regularly updated information of interest to the Shareholders, including corporate information, biographical details of the Directors, shareholding structure, annual and interim reports, ESG reports, major historical developments with comprehensive and user-friendly information about the Group, as well as announcements and press releases issued by the Company, and a channel for enquiries and feedback; and
- 3) information relating to the Company's financial results, corporate details, notifiable transactions and other major events are timely disseminated through publication of interim and annual reports, announcements, ESG reports, circulars and press releases.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and was of the view that the Company establishes various communication tools as above to ensure the Shareholders are kept well informed of timely information of the Company, the policy was effective and adequately implemented during the financial year.

Meetings

The Board and senior management recognise the importance of their responsibility to represent the interests of all Shareholders and to maximise Shareholders' value. The AGM is a valuable forum for the Board to communicate directly with the Shareholders. At the AGM, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors.

An AGM circular will be distributed to Shareholders at least 21 days before the AGM and included with the notice to Shareholders of any future AGM. It sets out the procedures for conducting a poll and other relevant information of the proposed resolutions.

The most recent AGM was held on 26 June 2025.

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Board members, in particular, the respective chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee or their delegates and the external auditors of the Company had attended the AGM of the Company held on 26 June 2025 to response to shareholders' questions.

The matters proposed to be passed by ordinary resolutions of the Group at the AGM were, including but not limited to, as follows:

- adoption of audited consolidated financial statements of the Company for the year ended 31 December 2024;
- declaration and payment of a final dividend for the year ended 31 December 2024 out of share premium account of the Company;
- re-election and re-appointment of Ms. Sophie Phe, Mr. Alain Jacques Gilbert Li, Mr. He Chongfu and Mr. Sun David Lee as Directors of the Company;
- re-appointment of Deloitte Touche Tohmatsu as the Company's auditor; and
- approval of Issue Mandate, Buy Back Mandate and Extension Mandate (as defined in the circular of the Company dated 30 April 2025).

The matter proposed to be passed by special resolution was:

- approval of amendments and restatements of articles of association.

All resolutions were passed as separate resolutions at the AGM by way of poll.

During the year ended 31 December 2025, Dynasty Winery, a wholly-owned subsidiary of the Company, entered into the Compensation Agreement with 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 a compensation. The transaction was subject to the independent shareholders' approval. For details, please also refer to paragraph headed Compensatory Surrender in Management Discussion and Analysis section. The Compensation Agreement was approved by the independent shareholders at the EGM held on 25 July 2025.

The resolution was passed by ordinary resolution of the Company at the EGM by way of poll.

Corporate Governance Report

Individual attendance record of Directors at the Company's general meetings for the year ended 31 December 2025, on a named basis, is set out in the table below:

Board Members	AGM attended/held	EGM attended/held
Executive Directors		
Wan Shoupeng (<i>Chairman</i>)	1/1	1/1
He Chongfu	1/1	1/1
Huang Manyou (resigned on 3 February 2026)	1/1	1/1
Non-executive Directors		
Heriard-Dubreuil Francois (<i>Vice-chairman</i>) (retired on 26 June 2025)	1/1	0/0
Sophie Phe	1/1	1/1
Alain Jacques Gilbert Li	1/1	1/1
Caroline Bois Heriard Dubreuil (<i>Vice-chairwoman</i>) (appointed on 25 August 2025)	0/0	0/0
Independent non-executive Directors		
Yeung Ting Lap Derek Emory	1/1	1/1
Sun David Lee	1/1	1/1
Chung Wai Hang	1/1	1/1

The Company has updated its status to the Shareholders from time to time through announcements and information as appeared on the websites of the Company and the Stock Exchange.

AGM and EGM minutes prepared and kept by the company secretary are sent to the Directors for records and are opened for inspection at any reasonable time on reasonable notice by any Director.

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 after the date of the forthcoming AGM has been determined. The Company will hold the AGM to adopt the financial results for the year ended 31 December 2025 as soon as practicable which is expected no later than the end of June 2026. The Company will also publish further announcement in respect of the closure of register of members for AGM in due course (if applicable).

Corporate Governance Report

Shareholders' right

Convening Extraordinary General Meeting(s)

The Board may whenever it thinks fit call an EGM. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the Hong Kong office of the Company at Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals at the Shareholders' meeting to the Board at the above-mentioned address.

Procedure for Shareholders to Propose a Person for Election as Director

Pursuant to Article 85 of the Company's articles of association if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Board, for election as a Director at a general meeting, such Shareholder (other than the person to be proposed), who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the Hong Kong office of the Company at Room 4309, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; or at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Act, Cap 22 of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Corporate Governance Report

Enquiries to the Board

Shareholders may put forward enquiries to the Board through the company secretary who will direct the enquiries to the Board for handling.

Contact details of the company secretary

The company secretary
Dynasty Fine Wines Group Limited
Room 4309, 43/F, China Resources Building,
26 Harbour Road,
Wanchai, Hong Kong

Tel No.: (852) 2918-8000

Fax No.: (852) 2918-8099

Matters relating to share registration

Shareholders can contact Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, if they have any enquiries about their shares and dividends.

Contact details

Address: 17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

Tel No.: (852) 2980-1333

Fax No.: (852) 2810-8185

Significant changes in memorandum and articles of association

During the year, there were amendments and restatements to the Articles of Association to (i) bring the Articles of Association in line with the latest legal and regulatory requirements, including amendments made to the Listing Rules in relation to the expanded paperless listing regime and the holding of general meetings by hybrid or electronic means; and (ii) incorporate certain housekeeping amendments.

Market Capitalisation

The market capitalisation of the Company as at 31 December 2025 was approximately HK\$359.1 million (issued share capital: 1,408,405,886 shares at closing market price: HK\$0.255 per share).

Financial Section

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Directors' Report

The Directors are pleased to submit the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and sale of wine products. The principal activities of the Company's principal subsidiaries are production and sale of wine products. Particulars of the Company's subsidiaries are set out in Note 10 to the financial statements. The nature of the principal activities of the Group had not changed during the year.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of financial year, an indication of likely future development in the Group's business, the Group's financial review, the Group's environmental policies and performance and the Group's compliance with laws and regulations, can be found in the Management Discussion and Analysis set out on pages 7 to 21 of the annual report. This discussion forms part of this directors' report.

The principal activities of the Group during the financial year are set out in Note 10 to the financial statements.

RESULTS AND DIVIDENDS

The financial results of the Group for the year ended 31 December 2025 are set out in the section headed "Consolidated Statement of Profit or Loss" of the annual report.

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

There is no arrangement that Shareholder has waived or agreed to waive any dividend.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in Note 22 to the financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in Note 23 to the financial statements.

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of dividends to the Shareholders subject to the provisions of the Company's articles of association ("**Articles of Association**"). With the sanction of an ordinary resolution of the Company, dividends may be declared and paid out of share premium account of any other fund or account which can be summarized for this purpose.

GROUP FINANCIAL SUMMARY

The consolidated results and the assets and liabilities of the Group for the latest five financial years are summarised in the section headed "Five Years Summary" of the annual report.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 16 to the financial statements.

DONATION

For the year end 31 December 2025, the Group made charitable donations of HK\$0.1 million (2024: nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands where the Company was incorporated, that would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors who held office during the year and up to the date of this report are as follows:

Executive Directors:

Mr. Wan Shoupeng (*Chairman*)
Mr. He Chongfu
Ms. Zhao Haijing (appointed on 3 February 2026)
Mr. Huang Manyou (resigned on 3 February 2026)

Non-executive Directors:

Ms. Caroline Bois Heriard Dubreuil (*Vice-chairwoman*) (appointed on 25 August 2025)
Ms. Sophie Phe
Mr. Alain Jacques Gilbert Li
Mr. Heriard-Dubreuil Francois (*Vice-chairman*) (retired on 26 June 2025)

Independent non-executive Directors:

Mr. Yeung Ting Lap Derek Emory
Mr. Sun David Lee
Ms. Chung Wai Hang

Details of the Directors' biographies are set out on pages 22 to 27 of the annual report.

Mr. Heriard-Dubreuil Francois retired as non-executive Director of the Company with effect from the conclusion of AGM on 26 June 2025 and Mr. Huang Manyou resigned as executive Director with effect from 3 February 2026 due to their retirements. Both had confirmed that there was no disagreement with the Board and there was no matter relating to their retirements that needed to be brought to the attention of the holders of securities of the Company.

Directors' Report

Ms. Caroline Bois Heriard Dubreuil was appointed as a non-executive Director and vice-chairwoman of the Company with effect from 25 August 2025. Ms. Zhao Haijing was appointed as an executive Director with effect from 3 February 2026. Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting. Therefore, Ms. Caroline Bois Heriard Dubreuil and Ms. Zhao Haijing shall retire from their offices at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

In accordance with Article 84 of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, offer themselves for re-election at each AGM, provided that every Director shall be subject to retirement by rotation at an AGM at least once every three years. Mr. Wan Shoupeng, Mr. Yeung Ting Lap Derek Emory and Ms. Chung Wai Hang will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service contract or an appointment letter with the Company for a term of ranging from two years to three years. Each of these contracts or appointment letters may be terminated by either party giving not less than two months' notice in writing.

The independent non-executive Directors are appointed for a term of one year in accordance with their respective appointment letters.

None of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

COMPETING BUSINESS

None of the Directors was interested in any businesses which competed or was likely to compete, either directly or indirectly, with the Group's business during the year, which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

COMPENSATION AGREEMENT

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 has conditionally agreed to surrender the manufacturing equipment and systems of the Group to Tianjin Yiyang, in exchange for an aggregate compensation of RMB52,748,559 (equivalent to approximately HK\$57,149,035) ("**Compensation Agreement**"). As Tianjin Yiyang is indirectly wholly-owned by Tianjin Food Group Company Limited, which in turn is a controlling Shareholder interested in approximately 42.80% of the issued share capital of the Company, Tianjin Yiyang is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

Directors' Report

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.

FRAMEWORK TERMS AS REGARDS THE PURCHASE WITH GUOWEI COMPANY

Pursuant to Chapter 14A of the Listing Rules, details of the continuing connected transactions for the year ended 31 December 2025 are required to be disclosed in the annual report as follows:

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 the Joint Venture Company in Renhuai City, Guizhou Province, the PRC for trading of sauce-flavour baijiu products nationwide. 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 the purpose of this section, reference to Dynasty Winery shall include its subsidiaries and the Joint Venture Company, and reference to Guowei Company shall include its subsidiaries. The term is from 1 January 2025 and ending on 31 December 2027 (or the date of termination of the Joint Venture Cooperation Agreement, whichever is earlier).

Dynasty Winery shall place orders with Guowei Company for production of baijiu products, namely 'Han (漢)', 'Tang (唐)', 'Song (宋)' and 'Ming (明)'. Dynasty Winery and Guowei Company will enter into separate purchase order for each Purchase, which shall stipulate the product quality, price as well as quantity, provided the terms of such order are consistent with the Purchase terms set out in the Joint Venture Cooperation Agreement.

The specifications of each purchase order shall be agreed between Dynasty Winery and Guowei Company based on normal commercial terms after arm's length negotiations, and the terms for each Purchase shall be no less favourable than the terms offered to the Independent Third Parties of same or similar products by Guowei Company.

Accordingly, since Guowei Company become a connected person at subsidiary level of the Company upon formation of the Joint Venture Company in February 2025, the Purchase shall constitute continuing connected transactions of the Company that are exempt from circular, independent financial advice and shareholders' approval requirements under R14A.101 of the Listing Rules.

Details of the above continuing connected transactions were disclosed in the announcement of the Company dated 20 December 2024.

Directors' Report

Details of the continuing connected transactions for the Purchase by the Dynasty Winery and its subsidiaries (including the joint venture company) from Guowei and its subsidiaries for the year ended 31 December 2025 are listed out as follows:

	Annual cap for the year ended 31 December 2025 (excluding VAT) HK\$'000	Total aggregate of connected transactions for the year ended 31 December 2025 (excluding VAT) HK\$'000
Purchase of sauce-flavour baijiu products by Dynasty Winery and its subsidiaries (including the joint venture company) from Guowei Company and its subsidiaries	32,500	4,377

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions had been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreements governing them on terms which were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unmodified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group as set out on pages 54 to 55 in accordance with Rule 14A.56 of the Listing Rules.

Directors' Report

In respect of the disclosed continuing connected transactions, the auditor has confirmed in the letter that nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions:

- a. have not been approved by the Company's board of directors.
- b. were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- c. have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group are disclosed in Note 9, 24 and 30 to the consolidated financial statements. Other than 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 paragraph headed "Compensatory Agreement" above), these related party transactions were exempted from the reporting, announcement and independent shareholder approval requirements of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

As at 31 December 2025, there was no transaction, arrangement or contract entered into by the Company, its subsidiaries, its fellow subsidiaries or its holding company in which a Director had, directly or indirectly, a material interest.

Save as disclosed in Note 30 to the consolidated financial statements, (i) there was no contract of significance between the Company or any of its subsidiaries on the one hand, and the controlling shareholder of the Company or any of its subsidiaries on the other; (ii) there was no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries was entered into or existed during the year.

RELATIONSHIPS WITH EMPLOYEES, DISTRIBUTORS, CUSTOMERS AND SUPPLIERS

The Group values its employees and provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews and makes necessary adjustments on its human resources and remuneration policies to conform to market standard. The Group is also committed to staff training and development to support the need of the business and individuals by encouraging employees to enrol external training or courses.

The Group mainly sells its wine products to distributors. The Group requires the distributors to comply with the relevant laws and regulations, as well as the Group's credit policy and sales and marketing policies, and monitors the performance of distributors. The Group also values the views and opinions of its distributors and end user customers, and the sales department of the Group regularly communicates with and obtains feedback from distributors in order to understand their business needs and market demands.

Production of quality wines greatly depends on a sufficient supply of quality grapes or grape juice. The Group has developed good and long-term relationships with its suppliers including major grape juice suppliers. The Group actively works 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. The procurement department of the Group also works closely with suppliers to ensure that the sourcing process is conducted in a fair and open manner.

RETIREMENT SCHEMES

The Group participates in various defined contribution retirement schemes which covered the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are also set out in Note 34.10(ii) to the financial statements.

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make mandatory contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Directors' Report

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the Shares.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force as at the date of approval of this report and was in force throughout the financial year.

The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers, but shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Directors and officers.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The particulars of the Directors' and senior management's remuneration and the five highest paid employees during the financial year ended 31 December 2025 are set out in Notes 8 and 33 respectively to the financial statements.

ARRANGEMENTS TO ACQUIRE SHARES

At no time during the year ended 31 December 2025 or as at 31 December 2025 was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangements to enable the Directors or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the Laws of Hong Kong) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' Report

PERSONS HOLDING 5% OR MORE INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the interests or short positions of any persons, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

(i) Long position in Shares

Name	Interests in shares other than pursuant to equity derivatives (and capacity)	Aggregate long position	Approximate percentage of the Company's issued voting shares
Famous Ever Group Limited	558,000,000 ordinary shares (beneficial owner)	558,000,000 ordinary shares	39.62%
Tianjin Food Group Co. Ltd. (天津食品集團有限公司) ("Tianjin Food") (Note 1)	602,792,000 ordinary shares (interest of a controlled corporation)	602,792,000 ordinary shares	42.80%
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) ("Bohai") (Note 1)	602,813,922 ordinary shares (interest in controlled corporation)	602,813,922 ordinary shares	42.80%
Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) ("TEDA Industrial") (Note 1)	602,813,922 ordinary shares (interest in controlled corporation)	602,813,922 ordinary shares	42.80%
TEDA Investment Holdings Co., Ltd. (天津泰達投資控股有限公司) ("Tianjin TEDA") (Note 1)	602,813,922 ordinary shares (interest in controlled corporation)	602,813,922 ordinary shares	42.80%
Remy Pacifique Limited (Note 2)	336,528,000 ordinary shares (beneficial owner)	336,528,000 ordinary shares	23.90%
Remy Concord Limited (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Remy Cointreau Services S.A.S. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Remy Cointreau S.A. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%

Directors' Report

Name	Interests in shares other than pursuant to equity derivatives (and capacity)	Aggregate long position	Approximate percentage of the Company's issued voting shares
Orpar S.A. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Andromede S.A.S. (Note 2)	336,528,000 ordinary shares (interest in controlled corporation)	336,528,000 ordinary shares	23.90%
Zengli Investment Group Co. LTD (Note 3)	115,394,944 ordinary shares (beneficial owner)	115,394,944 ordinary shares	8.19%
Tianjin Zengli Trading Group Co. LTD (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%
Li Junjie (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%
Hao Mingzhen (Note 3)	115,394,944 ordinary shares (interest in controlled corporation)	115,394,944 ordinary shares	8.19%

Notes:

- (1) Based on the disclosure of interests forms filed on 3 January 2025 and 3 January 2026 (being the last disclosure of interests forms filed by the relevant entities as at 31 December 2025), Tianjin TEDA is a state-owned enterprise established in the PRC, which is indirectly wholly-owned by the Tianjin Municipal People's Government of the PRC. Tianjin TEDA was interested in approximately 59.52% equity interests of TEDA Industrial. TEDA Industrial was interested in the entire equity interests of Bohai. Bohai was:
- (i) interested in the entire equity interests of Tsinlien Group Company Limited (津聯集團有限公司), which in turn was interested in 21,922 Shares, representing approximately 0.002% of the issued share capital of the Company; and
 - (ii) interested in the entire equity interests of Tianjin Food, which in turn was:
 - (a) interested in the entire equity interests of Famous Ever Group Limited, which in turn was interested in 558,000,000 Shares, representing approximately 39.62% of the issued share capital of the Company; and
 - (b) interested in the entire equity interests of Tianjin Agriculture Hongyilian Investment Co., Ltd.* (天津農墾宏益聯投資有限公司), which in turn was interested in the entire equity interests of Tianjin Chenhai Enterprise Management Co., Ltd.* (天津宸海企業管理有限公司), which in turn was interested in the entire equity interests of Chenhai Investment Limited, which in turn was interested in 44,298,000 Shares, representing approximately 3.18% of the issued share capital of the Company.

Directors' Report

Accordingly,

1. Tianjin TEDA, TEDA Industrial and Bohai were deemed to be interested in the aggregate number of Shares (being 602,813,922 Shares, representing approximately 42.80% of the issued share capital of the Company) held by (1) Tsinlien Group Company Limited (津聯集團有限公司); (2) Famous Ever Group Limited; and (3) Chenhai Investment Limited pursuant to the SFO; and
2. Tianjin Food was deemed to be interested in the aggregate number of Shares (being 602,792,000, representing approximately 42.80% of the issued share capital of the Company) held by (1) Famous Ever Group Limited; and (2) Chenhai Investment Limited pursuant to the SFO.

Mr. Wan Shoupeng, an executive Director and chairman of the Company, is also a director and chairman of Tianjin Food.

- (2) Remy Concord Limited is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Pacifique Limited. Remy Cointreau Services S.A.S. is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Concord Limited. Remy Cointreau S.A. is entitled to exercise or control the exercise of approximately 93% of the voting power at general meetings of Remy Cointreau Services S.A.S.. Orpar S.A. is entitled to exercise or control the exercise of approximately 52% of the voting power at general meetings of Remy Cointreau S.A.. Orpar S.A. is also entitled to exercise or control the exercise of approximately 73% of the voting power at general meetings of Recopart, which is entitled to exercise or control the exercise of approximately 19% of the voting power at general meetings of Remy Cointreau S.A., Andromede S.A.S. is entitled to exercise or control the exercise of 100% of the voting power at general meetings of Orpar S.A.. By virtue of Part XV of the SFO, each of Remy Concord Limited, Remy Cointreau Services S.A.S., Remy Cointreau S.A., Orpar S.A. and Andromede S.A.S. is deemed to be interested in the Shares held by Remy Pacifique Limited. Ms. Caroline Bois Heriard Dubreuil, a non-executive Director, is also deputy chief executive officer of Andromede S.A.S., chairwoman of the board of directors and chief executive officer of Orpar S.A., vice-chairwoman of the board of directors and board committee members of Remy Cointreau S.A.. Ms. Sophie Phe, a non-executive Director, is also an executive committee member of Remy Cointreau Group, the chief executive officer of Remy Cointreau Greater China and director of Remy Pacifique Limited. Mr. Alain Jacques Gilbert Li, a non-executive Director, is an independent non-executive director of Remy Cointreau S.A..
- (3) Zengli Investment Group Co. LTD. is direct wholly-owned subsidiary of Tianjin Zengli Trading Group Co. LTD., which is in turn directly owned by Li Junjie and Hao Mingzhen as to 51.22% and 48.78% respectively. By virtue of the SFO, each of Tianjin Zengli Trading Group Co. LTD. and Li Junjie and Hao Mingzhen is deemed to be interested in the same parcel of shares of the Company in which Zengli Investment Group Co. LTD. is interested.

* *for identification purpose*

Apart from the aforesaid, as at 31 December 2025, no person, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue and purchase for the year attributable to the Group's major customers and suppliers are as follows:

Revenue

– the largest customer	17%
– five largest customers in aggregate	46%

Purchases

– the largest supplier	8%
– five largest suppliers in aggregate	32%

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

In respect of the year ended 31 December 2025, save as disclosed in the Corporate Governance Report on pages 28 to 49 of the annual report, all the code provisions set out in the Code (as defined in the Corporate Governance Report) were met by the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considered all the independent non-executive Directors to be independent.

MINIMUM PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, there was sufficient public float of the Shares as required under the Listing Rules.

Directors' Report

AUDITOR

The financial statements have been audited by Deloitte Touche Tohmatsu who shall retire and, being eligible, offer itself for re-appointment as independent auditor of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu as independent auditor of the Company is to be proposed at the forthcoming AGM.

On 23 October 2024, PricewaterhouseCoopers resigned and Deloitte Touche Tohmatsu was appointed as auditor of the Company.

On behalf of the Board
Mr. Wan Shoupeng
Chairman

Chengdu, 26 March 2026

Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF DYNASTY FINE WINES GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Dynasty Fine Wines Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 69 to 127, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

Key Audit Matter (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition from distributors

The Group manufactures and sells wine products to a large number of distributors. Revenue is recognised when control of the products has been transferred, being when the products are delivered to distributors.

The Group recognised revenue from sales of goods to distributors amounted to HK\$145.3 million for the year ended 31 December 2025, representing 85% of the Group's total revenue.

We identified revenue recognition from distributors as a key audit matter because significant resources and efforts were involved in auditing this area due to the large volume of transactions from sales of different kinds of products and the significance of such revenue to the consolidated financial statements.

Our procedures in relation to revenue recognition from distributors included:

- Understanding the business process of revenue recognition from distributors and testing the design, implementation and operating effectiveness of key controls in relation to revenue recognition from distributors;
- Reviewing sales contracts with major distributors to understand key terms and conditions and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- Performing confirmation procedures for the revenue generated from the Group's major distributors;
- Testing revenue transactions, on a sample basis, by examining the relevant supporting documents, including customer orders and customers' acknowledgement of receipt notes; and
- Inspecting, on a sample basis, the specific revenue transactions recorded before the balance sheet date and assessing whether the related revenue was recognised in the appropriate reporting period by checking the customers' acknowledgement of receipt notes and other supporting documents.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is WOO, King Wa (Practising certificate number: P05160).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	6	170,011	271,372
Cost of sales of goods	7	(116,629)	(166,652)
Gross profit		53,382	104,720
Distribution costs	7	(50,778)	(49,428)
Administrative expenses	7	(43,775)	(46,893)
Loss allowance recognised on financial assets – net	4.1	(5,209)	(215)
Other income, other gains and losses – net	9	58,862	24,485
Operating profit		12,482	32,669
Finance income	12	381	948
Finance costs	12	(124)	(65)
Finance income – net	12	257	883
Profit before income tax		12,739	33,552
Income tax expense	13	(1,636)	(12)
Profit for the year		11,103	33,540
Profit (loss) attributable to:			
Owners of the Company		13,688	33,440
Non-controlling interests		(2,585)	100
		11,103	33,540
Earnings per share, in HK cents			
– Basic earnings per share	15	0.97	2.37

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
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	10,988	(9,135)
Total comprehensive income for the year	22,091	24,405
Total comprehensive income (expense) for the year attributable to:		
– Owners of the Company	22,499	24,885
– Non-controlling interests	(408)	(480)
	22,091	24,405

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	At 31 December	
		2025 HK\$'000	2024 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	16	108,540	118,209
Right-of-use assets	17	25,288	21,438
Deposits	18(b)	1,180	872
Prepayments	18(c)	1,819	–
Deferred income tax assets	27	5,855	–
Total non-current assets		142,682	140,519
Current assets			
Inventories	20	257,991	231,275
Trade receivables	18(a)	38,811	47,348
Notes receivable	19	1,332	20,009
Other receivables	18(b)	11,406	9,865
Prepayments	18(c)	17,231	8,919
Cash and bank balances	21	94,858	122,592
Total current assets		421,629	440,008
Total assets		564,311	580,527
Liabilities			
Non-current liabilities			
Lease liabilities	17	335	311
Current liabilities			
Trade payables	24	80,680	101,195
Other payables and accruals	24	99,844	124,108
Income tax liabilities		7,507	200
Contract liabilities	25	16,039	29,372
Lease liabilities	17	672	1,018
Financial liability arising from a put option	26	4,254	–
Total current liabilities		208,996	255,893
Total liabilities		209,331	256,204
Net current assets		212,633	184,115

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	At 31 December	
		2025 HK\$'000	2024 HK\$'000
Equity			
Share capital	22	140,840	140,840
Other reserves	23	1,156,726	1,152,844
Accumulated losses		(969,991)	(983,679)
Equity attributable to owners of the Company		327,575	310,005
Non-controlling interests	31	27,405	14,318
Total equity		354,980	324,323
Total equity and liabilities		564,311	580,527

The consolidated financial statements on pages 69 to 127 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Wan Shoupeng
Director

He Chongfu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company			Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000 (Note 23)	Accumulated losses HK\$'000			
1 January 2024	140,840	1,161,399	(1,017,119)	285,120	14,798	299,918
Comprehensive income						
Profit for the year	-	-	33,440	33,440	100	33,540
Other comprehensive expense						
Currency translation differences	-	(8,555)	-	(8,555)	(580)	(9,135)
Total comprehensive (expense) income	-	(8,555)	33,440	24,885	(480)	24,405
31 December 2024 and 1 January 2025	140,840	1,152,844	(983,679)	310,005	14,318	324,323
Comprehensive income(expense)						
Profit(loss) for the year	-	-	13,688	13,688	(2,585)	11,103
Other comprehensive income						
Currency translation differences	-	8,811	-	8,811	2,177	10,988
Total comprehensive income(expense)	-	8,811	13,688	22,499	(408)	22,091
Capital contribution by non-controlling interests	-	-	-	-	17,697	17,697
Recognition of a financial liability arising from a put option (Note 26)	-	-	-	-	(4,202)	(4,202)
2024 Final dividend	-	(4,929)	-	(4,929)	-	(4,929)
31 December 2025	140,840	1,156,726	(969,991)	327,575	27,405	354,980

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Cash used in operations	28(a)	(83,617)	(10,853)
Interest received		381	948
Income tax paid		(109)	(12)
Net cash outflow from operating activities		(83,345)	(9,917)
Cash flows from investing activities			
Compensation from assets surrender, net of indirect tax		51,013	–
Proceeds from disposal of property, plant and equipment		15,819	1,203
Proceeds from liquidation of a subsidiary		549	–
Purchases of property, plant and equipment		(24,626)	(30,649)
Payments for land use rights		(4,102)	–
Net cash inflow (outflow) from investing activities		38,653	(29,446)
Cash flows from financing activities			
Capital contribution from non-controlling interests		17,697	–
Dividend paid		(4,929)	–
Principal elements of lease payments		(1,217)	(973)
Interest paid on lease liabilities		(33)	(65)
Net cash inflow (outflow) from financing activities		11,518	(1,038)
Net decrease in cash and cash equivalents		(33,174)	(40,401)
Cash and cash equivalents at beginning of the year		122,126	166,249
Effects of foreign exchange rate changes		5,426	(3,722)
Cash and cash equivalents at end of the year	21(b)	94,378	122,126

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Dynasty Fine Wines Group Limited (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’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 January 2005.

The Company and its subsidiaries are hereinafter collectively referred to as the Group. The Company is an investment holding entity and the principal activities of the subsidiaries are manufacturing and sales of wine products. Details of the subsidiaries are set out in Note 10.

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 HKFRS ACCOUNTING STANDARDS

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 HKFRSs 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 HKAS 21	Translation to a Hyperinflationary 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRSs Accounting Standards in issue but not yet effective (continued)

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* (title effective upon adoption 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.

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. Summary of the Group’s material accounting policies are set out in Note 34.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market 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. As at 31 December 2025, the Group does not use any derivative financial instruments to hedge certain risk exposures.

Categories of financial instruments

	The Group	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Financial assets		
Financial assets at		
– amortised cost	139,390	174,380
– fair value through other comprehensive income (“FVTOCI”)	1,332	20,009
	140,722	194,389
Financial liabilities		
Financial liabilities at amortised cost	151,119	191,581
Financial liability arising from a put option	4,254	–
	155,373	191,581
Lease liabilities	1,007	1,329

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors

The Group's risk management is predominately controlled by the treasury department (Group treasury) under policies approved by the Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency which is not the entity's functional currency.

There is no material foreign exchange risk noted for the Group as:

- the transactions of the Company are mainly denominated in HK\$, which is the functional currency of the Company; and
- the operations and customers of the Group's subsidiaries are located in the People's Republic of China ("PRC") with most of the operating assets and transactions denominated and settled in Renminbi ("RMB"), which is the functional currency of these Group's subsidiaries.

Interest risk

Other than bank balances and lease liabilities, the Group has no other significant assets and liabilities bearing interest and the interest risk is minimal.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group mitigates its exposure to credit risk by placing deposits with stated-owned banks in the PRC and other financial institutions with established credit rating. The Group has policies in place to ensure that sales of products are made to customers with an appropriate financial strength and credit history.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

Credit risk and impairment assessment (continued)

Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of products
- other receivables

While bank balances and note receivables are also subject to the impairment requirements of HKFRS 9 *Financial Instruments*, the identified impairment loss was immaterial because the counterparties are reputable banks with high credit ratings assigned by credit agencies.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before each reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance at the reporting date was determined as follows:

	Current HK\$'000	More than 30 days past due HK\$'000	More than 90 days past due HK\$'000	More than 270 days past due HK\$'000	Total HK\$'000
31 December 2025					
Expected loss rate	0.5%	25%	55%	100%	
Gross carrying amount – trade receivables	25,786	15,666	3,122	12,287	56,861
Loss allowance	129	3,917	1,717	12,287	18,050
Net carrying amount – trade receivables	25,657	11,749	1,405	–	38,811
	Current HK\$'000	More than 30 days past due HK\$'000	More than 90 days past due HK\$'000	More than 270 days past due HK\$'000	Total HK\$'000
31 December 2024					
Expected loss rate	0.5%	25%	70%	100%	
Gross carrying amount – trade receivables	47,212	211	714	11,669	59,806
Loss allowance	236	53	500	11,669	12,458
Net carrying amount – trade receivables	46,976	158	214	–	47,348

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

Net losses were recognised in profit or loss in relation to impairment of trade receivables was HK\$5.21 million (2024: HK\$0.22 million).

Other receivables including deposits are all considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. Management considers 'low credit risk' for financial instruments when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligation in the near term. The Group has policies in place to ensure that counter party are financially viable and with an appropriate credit history. As at 31 December 2025, the loss allowance for other receivables was HK\$0.15 million (2024: HK\$0.15 million).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting periods, the Group held cash and cash equivalents of HK\$94.38 million (2024: HK\$122.13 million), trade receivables of HK\$38.81 million (2024: HK\$47.35 million) and notes receivable of HK\$1.33 million (2024: HK\$20.01 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

Liquidity risk (continued)

Maturities of financial liabilities

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2025					
Trade payables	-	80,680	-	80,680	80,680
Other payables	-	70,439	-	70,439	70,439
Financial liability arising from a put option	-	4,254	-	4,254	4,254
Lease liabilities	3.00-4.75	691	340	1,031	1,007
		156,064	340	156,404	156,380
	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2024					
Trade payables	-	101,195	-	101,195	101,195
Other payables	-	90,386	-	90,386	90,386
Lease liabilities	3.65-4.75	1,045	312	1,357	1,329
		192,626	312	192,938	192,910

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or share buy-backs.

The Group monitors capital on the basis of the liability-to-asset ratio, which represents total liabilities divided by total assets. As at 31 December 2025, the Group's liability-to-asset ratio was 37% (2024: 44%).

4.3 Fair value estimation

The Group's notes receivable at FVTOCI are measured at fair value based on level 2 of the fair value measurement hierarchy, which is based on discounted cash flow valuation technique. The future cash flows are estimated based on expected settlement amounts and discounted at rates that reflect the credit risk of the counterparties.

The management considers that the carrying amounts of the Group's financial assets (including bank balances, trade receivables and other receivables) and financial liabilities (including trade payables, other payables) and lease liabilities approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Key sources of estimation uncertainty

Impairment allowance of inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. The determination of the impairment allowance for inventories involves significant management judgment and estimates including factors such as historical usage of raw wine, ageing profile of the raw materials and finished wine products, historical sales track records, forecasted sales volumes, selling prices as well as selling expenses and physical condition. As at 31 December 2025, the carrying amount of inventories is HK\$257.99 million (2024: HK\$231.28 million) (net of the provision of HK\$25.24 million (2024: HK\$24.87 million)). Details of impairment assessment of inventories are disclosed in Note 20.

Impairment allowance of trade receivables

The loss allowances for trade receivables are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2025, the carrying amount of trade receivables is HK\$38.81 million (2024: HK\$47.35 million) (net of the loss allowance of HK\$18.05 million (2024: HK\$12.46 million)). Details of the key assumptions and inputs used are disclosed in the tables set out in Note 4.1.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. 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	170,011	271,372

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND 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 HK\$'000	2024 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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 34. 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 assets and segment liabilities 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 HK\$'000	2024 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 PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. 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 HK\$'000	2024 HK\$'000
Raw materials and consumables used	102,415	84,899
Employee benefit expenses (Note 8)	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 (Note 16)	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
Total	211,182	262,973

8. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Wages and salaries	47,949	56,491
Social security costs – other insurances	8,787	6,725
Social security costs – retirement insurance	4,577	4,721
Other benefits	1,167	2,794
Total employee benefit expenses	62,480	70,731

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. EMPLOYEE BENEFIT EXPENSES *(continued)*

(a) Five highest paid individuals

The emoluments of two (2024: two) executive directors are disclosed in the analysis set out in Note 33 and the emoluments of the remaining three (2024: three) individuals for the year are as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	2,986	2,987
Contributions to retirement benefits scheme	224	328
	3,210	3,315

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2025 HK\$'000	2024 HK\$'000
Emolument bands		
Nil – HK\$1,000,000	2	2
HK\$1,500,001 – HK\$2,000,000	1	1
	3	3

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For the year ended 31 December 2025

9. OTHER INCOME, OTHER GAINS AND LOSSES – NET

	Year ended 31 December	
	2025 HK\$'000	2024 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 (<i>Note 11</i>)	–	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
	58,862	24,485

Note: In May 2025, Dynasty Winery (as defined in Note 10), 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.

10. SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name	Place of incorporation or establishment	Principal activities/ place of operation	Paid up/ issued capital	Ownership interest held by the Group	
				2025 %	2024 %
<i>Directly held:</i>					
Grand Spirit Holdings Limited	British Virgin Islands	Investment holding/ Hong Kong	US\$200	100	100
Smiling East Resources Limited	British Virgin Islands	Investment holding/ Hong Kong	US\$1	100	100
Ho Tin International Co., Ltd.	British Virgin Islands	Investment holding/ Hong Kong	US\$1	100	100
Dynasty Fine Wines (Asia Pacific) Limited	Hong Kong	Trading of wine products/ Hong Kong	HK\$10,000,000	100	100

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10. SUBSIDIARIES (continued)

Name	Place of incorporation or establishment	Principal activities/ place of operation	Paid up/ issued capital	Ownership interest held by the Group	
				2025 %	2024 %
<i>Indirectly held:</i>					
Sino-French Joint-Venture Dynasty Winery Ltd. (" Dynasty Winery ")	PRC	Manufacturing and sale of wine products/PRC	RMB425,659,000	100	100
Shandong Yu Huang Grape Wine Co., Ltd. (" Yuhuang ") (Note i)	PRC	Manufacturing and sale of unprocessed wine/PRC	RMB6,860,000	65	65
Tianjin Tianyang Grape Winery Co., Ltd.	PRC	Manufacturing and sale of unprocessed wine/PRC	RMB41,532,000	60	60
Tianjin Tianyang Grape Winery Sales Co., Ltd.	PRC	Sale of wine products/PRC	RMB500,000	60	60
Shanghai Dynasty Grape Winery Sales Co., Ltd.	PRC	Sale of wine products/PRC	RMB1,000,000	100	100
Tianjin Dynasty Winery Sales Co., Ltd.	PRC	Sale of wine products/PRC	HK\$69,800,000	100	100
Tianjin Dynasty International Winery Co., Ltd.	PRC	Sale of wine products/PRC	RMB50,000,000	100	100
Dynasty Fine Wines Group (Xinjiang) Co., Ltd.	PRC	Manufacturing and sale of unprocessed wine/PRC	RMB5,000,000	100	100
Dynasty Fine Wines (Ningxia) Co., Ltd.	PRC	Manufacturing and sale of unprocessed wine/PRC	RMB28,900,000	100	100
Dynasty Fine Wines (Jiangsu) Co., Ltd. (Note iii)	PRC	Manufacturing and sale of yellow wine products/PRC	RMB23,520,000	51	N/A
Dynasty Fine Wines (Renhuai) Co., Ltd. (" Dynasty Renhuai ") (Note iii)	PRC	Sale of baijiu products/PRC	RMB10,000,000	51	N/A

Note i: The liquidation related to Yuhuang had been substantially completed the legal proceeding by the local court. The de-registration procedures was not finalised yet for the year ended 31 December 2025.

Note ii: The type of legal entity of all subsidiaries are limited liability company.

Note iii: The subsidiaries are newly established during the year ended 31 December 2025. The registered capital of Dynasty Fine Wines (Jiangsu) Co., Ltd. is RMB58,800,000, of which RMB23,520,000 was paid up for the year ended then.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INVESTMENT IN AN ASSOCIATE

Set out below are details of an unlisted associate of the Group as at 31 December 2025 and 2024. The country of establishment is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/country of incorporation	% of ownership interest	
		2025 %	2024 %
Dynasty Yuma Vineyard (Ningxia) Co., Ltd. ("Yuma")	PRC	N/A	N/A

The carrying amount of the investment in Yuma has been reduced to zero since 2012 due to the continuing losses of Yuma. The associate became inactive without any production activities since October 2011 and the liquidation process was substantially completed for the year ended 31 December 2024, subject to certain administrative procedures, resulting in a liquidation gain amounting to HK\$1.48 million (Note 9) for the year ended 31 December 2024. The liquidation procedure was not yet finalised as at 31 December 2025.

12. FINANCE INCOME – NET

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Current income tax	7,416	12
Deferred income tax (<i>Note 27</i>)	(5,780)	–
	1,636	12

No provision for Hong Kong Profits Tax has been made for both years as there was no estimated assessable profit derived from Hong Kong in 2025 and the estimated assessable profit is wholly absorbed by tax losses brought forward from previous years in 2024.

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% for both years.

The tax charge for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Profit before income tax	12,739	33,552
Income tax calculated at the PRC tax rate 25%	3,185	8,388
Difference in tax rates applicable for entities outside the PRC	(538)	(211)
Expenses not deductible for tax purposes	1,085	541
Changes and utilisation in the temporary differences for which no deferred income tax asset was recognised	(8,125)	(4,749)
Utilisation of previous years' tax losses for which no deferred income tax asset was recognised	(5,045)	(6,443)
Tax losses for which no deferred income tax asset was recognised	11,074	2,486
	1,636	12

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. 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.

15. 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 (HK\$'000)	13,688	33,440
Weighted-average number of ordinary shares in issue ('000)	1,408,406	1,408,406
Earnings per share – basic (HK cents)	0.97	2.37

(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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 January 2024	253,623	360,438	95,455	11,382	3,863	724,761
Exchange differences	(4,567)	(8,079)	(2,054)	(226)	(43)	(14,969)
Additions	6,672	3,350	6,872	171	35,593	52,658
Transfer	39,413	-	-	-	(39,413)	-
Disposals	(232)	-	(418)	(309)	-	(959)
At 31 December 2024	294,909	355,709	99,855	11,018	-	761,491
Exchange differences	14,083	8,615	2,549	256	7	25,510
Additions	3,471	657	1,141	78	2,942	8,289
Transfer	2,430	-	-	-	(2,430)	-
Disposals	(9,671)	(58,650)	(1,678)	(186)	-	(70,185)
At 31 December 2025	305,222	306,331	101,867	11,166	519	725,105
DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	(227,725)	(328,111)	(86,538)	(11,067)	-	(653,441)
Exchange differences	4,194	6,691	1,810	211	-	12,906
Depreciation provided for the year	(1,215)	(139)	(2,264)	-	-	(3,618)
Eliminated on disposals	209	-	378	284	-	871
At 31 December 2024	(224,537)	(321,559)	(86,614)	(10,572)	-	(643,282)
Exchange differences	(10,332)	(7,797)	(2,552)	(243)	-	(20,924)
Depreciation provided for the year	(5,255)	(429)	(1,423)	(107)	-	(7,214)
Eliminated on disposals	355	52,786	1,545	169	-	54,855
At 31 December 2025	(239,769)	(276,999)	(89,044)	(10,753)	-	(616,565)
CARRYING VALUES						
At 31 December 2024	70,372	34,150	13,241	446	-	118,209
At 31 December 2025	65,453	29,332	12,823	413	519	108,540

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation methods and useful lives

Except for construction in progress, depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Plant and machinery	5 – 10 years
Furniture and equipment	3 – 5 years
Motor vehicles	4 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Directors have assessed and concluded that there were no indicator for impairment to be provided or reversal of the impairment to be made related to the Group's property, plant and equipment and land-use rights as at 31 December 2025.

Notes to the Consolidated Financial Statements

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17. LEASES

- (a) The consolidated statement of financial position shows the following amounts relating to leases where the Group is a lessee:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Right-of-use assets		
Land-use rights	24,305	20,268
Buildings	983	1,170
	25,288	21,438
Within one year	672	1,018
Within a period of more than one year but not more than two years	335	311
Lease liabilities	1,007	1,329
Less: Amount due for settlement with 12 months shown under current liabilities	(672)	(1,018)
Amount due for settlement after 12 months shown under non-current liabilities	335	311

The weighted average incremental borrowing rates applied to lease liabilities range from 3.00% to 4.75% (2024: 3.65% to 4.75%).

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17. LEASES (continued)

(b) The consolidated statement of profit or loss shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
Land-use rights	620	604
Buildings	1,098	1,035
	1,718	1,639
Interest expense (included in finance costs)	33	65
Expense relating to short-term leases (included in cost of sales of goods and administrative expenses)	400	559

Addition of right-of-use assets was HK\$5.05 million for the year (2024: nil).

The total cash outflow from leases in 2025 was HK\$1.65 million (2024: HK\$1.6 million).

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods of 24 – 36 months.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In addition, the Group has several industrial leasehold lands arrangement with mainland China government. The Group is the registered owner of the leasehold lands. Lump sum payments were made upfront to acquire these lands.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term lease are recognised on a straight-line basis as an expense in profit or loss. The Group regularly entered into short-term leases for warehouses. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables from contracts with customers	56,861	59,806
Loss allowance (<i>Note 4.1</i>)	(18,050)	(12,458)
Trade receivables – net	38,811	47,348

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

	2025 HK\$'000	2024 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
	38,811	47,348

(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. Note 4.1 provides for details about the impairment policy and calculation of the allowance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

(b) Other receivables

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
– Deposits paid to e-commerce platform entities	1,180	872
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	3,510	2,462
	11,556	10,012
Loss allowance <i>(Note 4.1)</i>	(150)	(147)
	11,406	9,865
	12,586	10,737

(c) Prepayments

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current		
– Prepayments for purchase of property, plant and equipment	1,819	–
Current		
– third parties	16,904	8,556
– related parties <i>(Note 30(d))</i>	327	363
	17,231	8,919
	19,050	8,919

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. NOTES RECEIVABLE

	2025 HK\$'000	2024 HK\$'000
Bank acceptance bills	1,332	20,009

Notes receivable were all bank acceptance bills with maturity dates within 6 months, which are classified as financial assets at FVTOCI.

During the year, the Group endorsed certain notes receivables to suppliers (the “**Relevant Notes**”) to settle its trade payables. In the opinion of the Directors, the Group has transferred the significant risks and rewards relating to the Relevant Notes, and the Group’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the Relevant Notes endorsed is low because all the Relevant Notes are issued and guaranteed by the reputable banks in the PRC. As a result, the Group derecognised the full carrying amounts of the Relevant Notes and the associated trade payables when the Relevant Notes are endorsed. The maximum exposure to the Group that may result from the default of the Relevant Notes endorsed at 31 December 2025 amounted to HK\$0.83 million (2024: HK\$1.54 million).

20. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials (a)	91,005	101,758
Work in progress (b)	97,097	92,612
Finished goods (c)	75,551	42,492
Low value consumables	19,581	19,281
	283,234	256,143
Inventory provision (d)	(25,243)	(24,868)
	257,991	231,275

(a) The raw materials mainly contain raw wines, yeast and additives.

(b) Work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(c) Finished goods are bottled wine products, ready for sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INVENTORIES (continued)

(d) Inventory impairment allowance movement

	2025 HK\$'000	2024 HK\$'000
As at 1 January	24,868	29,606
Charged to profit or loss	2,770	1,322
Utilised upon the sales of the inventories	(3,016)	(5,482)
Exchange differences	621	(578)
As at 31 December	25,243	24,868

As at 31 December 2025, raw materials and work in progress with costs amounted to HK\$19.48 million (2024: HK\$19.79 million) were considered as obsolete, which were redistilled from obsolete finished goods. As at 31 December 2025, finished goods with costs of HK\$0.59 million (2024: HK\$1.4 million) were considered as obsolete, while finished goods of HK\$4.86 million (2024: HK\$2.72 million) were considered as slow-moving and full provision have been recognised on these inventories of finished goods. The remaining provision for impairment allowance of inventories of HK\$0.31 million (2024: HK\$0.96 million) as at 31 December 2025 was recognised to write down the remaining inventories of finished goods to their estimated net realisable values by reference to the market price of certain imported wines.

(e) Inventories recognised (included impairment allowance of inventories) as “cost of sales of goods” and “distribution costs” during the year ended 31 December 2025 amounted to HK\$103.78 million and HK\$0.39 million respectively (2024: HK\$157.26 million and HK\$0.47 million).

21. CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Restricted cash (<i>Note a</i>)	480	466
Cash and cash equivalents (<i>Note b</i>)	94,378	122,126
Total	94,858	122,592

(a) Restricted cash

These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group, which carry interest at market rates range from 0.05% to 0.1% (2024: 0.05% to 0.1%) per annum.

(b) Cash and cash equivalents in cash flow statement

Cash at bank were primarily deposited in the banks in the PRC and were principally denominated in RMB. The balances carrying interest at variable interest rates ranging from 0.05% to 0.2% (2024: 0.05% to 0.2%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. SHARE CAPITAL

	Number of shares <i>(thousands)</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	3,000,000	300,000
Issued:		
At 1 January 2024, 31 December 2024 and 2025	1,408,406	140,840

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

23. OTHER RESERVES

	Share premium <i>HK\$'000</i> <i>(Note a)</i>	Merger reserve <i>HK\$'000</i> <i>(Note b)</i>	Reserve fund <i>HK\$'000</i> <i>(Note c)</i>	Enterprise expansion fund reserve <i>HK\$'000</i> <i>(Note c)</i>	Exchange reserve <i>HK\$'000</i> <i>(Note d)</i>	Total <i>HK\$'000</i>
As at 1 January 2024	486,336	74,519	158,928	94,434	347,182	1,161,399
Currency translation differences	-	-	-	-	(8,555)	(8,555)
As at 31 December 2024	486,336	74,519	158,928	94,434	338,627	1,152,844
Transfer	-	-	94,434	(94,434)	-	-
Currency translation differences	-	-	-	-	8,811	8,811
2024 Final dividend	(4,929)	-	-	-	-	(4,929)
As at 31 December 2025	481,407	74,519	253,362	-	347,438	1,156,726

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. OTHER RESERVES *(continued)*

(a) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(b) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that were acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Group re-organisation in preparation for listing its shares on the Main Board of The Stock Exchange of Hong Kong Limited.

(c) Reserve fund

According to the Articles of Association of the Group's subsidiaries established in the PRC, a percentage of net profit as reported in the PRC statutory financial statements should be transferred to reserve fund and enterprise expansion fund reserve. Following the PRC regulations, from 1 January 2025 and onwards, it is not permitted to accrue with regards to reserve fund and enterprise expansion fund reserve, which are transferred to statutory reserve fund and discretionary surplus reserve respectively. It is required to transfer at least 10% of their net profit for the year to reserve fund until the reserve balance reaches 50% of their registered capital. The reserve fund can be used to set off accumulated losses, capitalisation into capital and expansion of production.

(d) Exchange reserve

Exchange differences arising on translation of the foreign operation entity are recognised in other comprehensive income as described in Note 34.3 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the foreign operations are disposed of.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Trade payables (<i>Note a</i>)	80,680	101,195
Other payables and accruals		
– Amount due to a shareholder of the Company (<i>Note b</i>)	42,404	42,404
– Amount due to a related party (<i>Note c</i>)	11,071	10,799
– Payroll payable	19,764	18,225
– Other taxes 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	12,332	12,149
	99,844	124,108
	180,524	225,303

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

(b) The amount due to a shareholder of the Company, Tianjin Food Group Company Limited (“**Tianjin Food**”), 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Advances received from distributors	16,039	29,372

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.

26. FINANCIAL LIABILITY ARISING FROM A PUT OPTION

	2025 HK\$'000
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	113
	4,254

On 26 February 2025, Dynasty Renhuai (as defined in Note 10) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. DEFERRED INCOME TAX

The following are the major deferred tax assets recognised and movements thereon during the current years:

	Inventory provision <i>HK\$'000</i>	Accrued payroll <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024 and 31 December 2024	–	–	–	–
Credited to profit or loss	5,279	389	112	5,780
Exchange differences	68	5	2	75
As at 31 December 2025	<u>5,347</u>	<u>394</u>	<u>114</u>	<u>5,855</u>

Except for the deductible temporary differences recognised during the reporting period, the Group has further deductible temporary differences of HK\$102.54 million (2024: HK\$159.09 million) related to assets impairment and accruals, for which no deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Included in unrecognised tax losses are losses of approximately HK\$101.15 million (2024: HK\$98.83 million) with expiry dates as disclosed in the following table. Other losses of HK\$6.33 million (2024: nil) may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. DEFERRED INCOME TAX (continued)

Unrecognised tax losses are expiring as below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
2025	–	15,453
2026	40,911	40,866
2027	3,805	19,103
2028	13,488	13,460
2029	4,986	9,944
2030	37,967	–
Total	101,157	98,826

28. CASH FLOW INFORMATION

(a) Cash generated in operations

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before income tax	12,739	33,552
Adjustments for:		
Interest income	(381)	(948)
Finance costs	124	65
Depreciation of property, plant and equipment	7,214	3,618
Depreciation of right-of-use assets	1,718	1,639
Emoluments of former Directors in prior years waived	–	(12,216)
Gain on compensatory surrender	(48,215)	–
Gain on disposal of property, plant and equipment, net	(3,287)	(1,115)
Loss allowance recognised on financial assets – net	5,209	215
Impairment allowance of inventories	2,770	1,322
Write-off of payables with long ageing	(3,419)	–
Changes in financial liability arising from a put option	(152)	–
Changes in operating assets and liabilities (excluding the effects of currency translation differences on consolidation):		
– Increase in inventories	(29,486)	(1,903)
– Decrease(increase) in trade and other receivables	1,312	(28,250)
– Decrease in notes receivable	18,251	14,136
– Increase in prepayments	(8,312)	(209)
– Decrease in trade and other payables and accruals	(26,369)	(14,527)
– Decrease in contract liabilities	(13,333)	(6,232)
Net cash used in operations	(83,617)	(10,853)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. CASH FLOW INFORMATION (continued)

(b) Major non-cash transactions

During the year ended 31 December 2025, the Group has endorsed bank acceptance bills with an aggregated amounts of HK\$19.43 million (2024: HK\$50.45 million) to its suppliers as the Group's settlement of the payable balances due to the respective suppliers.

(c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Dividend payables <i>HK\$'000</i>	Lease liability <i>HK\$'000</i>	Financial liability arising from a put option <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	–	2,302	–	2,302
Cash outflow related to payments	–	(1,038)	–	(1,038)
Finance costs	–	65	–	65
As at 31 December 2024	–	1,329	–	1,329
Dividends declared	4,929	–	–	4,929
Inception of leases	–	895	–	895
Recognition	–	–	4,202	4,202
Change in carrying amount	–	–	(152)	(152)
Finance costs	–	33	91	124
Cash outflow related to payments	(4,929)	(1,250)	–	(6,179)
Exchange differences	–	–	113	113
As at 31 December 2025	–	1,007	4,254	5,261

29. CAPITAL COMMITMENTS

As at 31 December 2025, an amount of HK\$29.48 million (2024: Nil) in respect of acquisition of property, plant and equipment contracted for but not recognised as liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the year which in the opinion of the Directors were conducted in the normal courses of the Group's business.

Other than the related party balances and transactions disclosed in Notes 9 and 24, the remaining significant related party transactions/balances are summarised as follows.

(a) Related parties

The Group treated the following parties as the major related parties:

Related parties	Relationship
Tianjin Food	Shareholder of the Company
Zengli Investment Group Co. LTD. ("Zengli Investment")	Shareholder of the Company
National Tide Era Holding Limited ("National Tide Era")	Shareholder of the Company

(b) Transactions with related parties

	2025 HK\$'000	2024 HK\$'000
Sales of goods		
– Associates of Zengli Investment	2,071	9,744
– Tianjin Food, its subsidiaries and associates	448	1,123
– Associates of National Tide Era	39	1,111

(c) Outstanding balances arising from sales of goods

	2025 HK\$'000	2024 HK\$'000
Trade receivables from related parties:		
– Associates of Zengli Investment	1,407	–
– Tianjin Food, its subsidiaries and associates	307	392

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. RELATED PARTY TRANSACTIONS *(continued)*

(d) Outstanding balances arising from purchases of goods and services

	2025 HK\$'000	2024 HK\$'000
(i) Trade payables to related parties: – Tianjin Food, its subsidiaries and associates	20,012	31,391
(ii) Prepayment to related parties – Tianjin Food, its subsidiaries and associates <i>(Note)</i>	327	363

Note: The amounts represent prepayments to Tianjin Food, its subsidiaries and associates, which are unsecured, interest free and credit term within 90 days.

(e) Key management personal compensation

Key management includes Directors (executive and non-executive), the company secretary and the senior management. The compensation paid or payable to key management for employee services is shown below:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	3,968	4,039
Long-term benefits	296	328
	4,264	4,367

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of Subsidiaries	Proportion of ownership Interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tianjin Tianyang Grape Winery Co., Ltd.	40	40	(868)	12	12,247	12,819
Tianjin Tianyang Grape Winery Sales Co., Ltd.	40	40	(140)	86	1,390	1,499
Yuhuang	35	35	(1,480)	-	-	-
Dynasty Fine Wines (Jiangsu) Co., Ltd.	49	N/A	(107)	N/A	12,651	N/A
Dynasty Renhuai	49	N/A	10	N/A	1,117	N/A
			<u>(2,585)</u>	<u>100</u>	<u>27,405</u>	<u>14,318</u>

None of summarised financial information in respect of each of the Group's subsidiaries has material non-controlling interests to the Group, thus no further financial information was disclosed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Assets		
Non-current assets		
Property, plant and equipment	33	33
Right-of-use assets	199	996
Interests in subsidiaries	468,745	530,090
Dividend receivable from subsidiaries	104,739	104,739
Total non-current assets	<u>573,716</u>	<u>635,858</u>
Current assets		
Other receivables and prepayments	1,127	1,772
Cash and cash equivalents	6,572	6,812
Total current assets	<u>7,699</u>	<u>8,584</u>
Total assets	<u>581,415</u>	<u>644,442</u>
Liabilities		
Non-current liabilities		
Lease liabilities	–	223
Current liabilities		
Other payables and accruals (Note a)	52,252	51,689
Amounts due to subsidiaries	26,950	26,950
Lease liabilities	223	840
Total current liabilities	<u>79,425</u>	<u>79,479</u>
Total liabilities	<u>79,425</u>	<u>79,702</u>
Equity		
Share capital	140,840	140,840
Other reserves (Note b)	921,732	926,661
Accumulated losses	(560,582)	(502,761)
Total equity	<u>501,990</u>	<u>564,740</u>
Total equity and liabilities	<u>581,415</u>	<u>644,442</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) As at 31 December 2025, other payables and accruals included amounts totalling HK\$42.40 million (2024: HK\$42.40 million) due to a shareholder of the Company (Note 24).

(b) Reserve movement of the Company

	Other reserves			Sub-total HK\$'000	Accumulated losses HK\$'000
	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000		
As at 1 January 2024	486,336	331,286	109,039	926,661	(496,616)
Loss and total comprehensive expense for the year	–	–	–	–	(6,145)
As at 31 December 2024	486,336	331,286	109,039	926,661	(502,761)
Loss and total comprehensive expense for the year	–	–	–	–	(57,821)
2024 Final dividend	(4,929)	–	–	(4,929)	–
As at 31 December 2025	481,407	331,286	109,039	921,732	(560,582)

Notes to the Consolidated Financial Statements

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33. DIRECTORS' EMOLUMENTS

The remuneration of each director of the Company is set out below:

	Fees HK\$'000	Salary HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
2025				
Executive Directors				
Mr. Wan Shoupeng	-	-	-	-
Mr. He Chongfu	-	706	134	840
Mr. Huang Manyou (a)	-	846	89	935

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the subsidiaries.

Non-executive Directors				
Ms. Caroline Bois Heriard Dubreuil (b)	127	-	-	127
Mr. Heriard-Dubreuil Francois (c)	176	-	-	176
Ms. Sophie Phe	288	-	-	288
Mr. Alain Jacques Gilbert Li	288	-	-	288

The non-executive directors' emoluments shown above were for their services as directors of the Company.

Independent non-executive Directors				
Mr. Yeung Ting Lap Derek Emory	288	-	-	288
Mr. Sun David Lee	288	-	-	288
Ms. Chung Wai Hang	180	-	-	180

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total	1,635	1,552	223	3,410
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DIRECTORS' EMOLUMENTS (continued)

	Fees <i>HK\$'000</i>	Salary <i>HK\$'000</i>	Employer's contribution to pension scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
2024				
Executive Directors				
Mr. Wan Shoupeng	–	–	–	–
Mr. Huang Manyou	–	870	128	998
Mr. He Chongfu	–	800	128	928
The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the subsidiaries.				
Non-executive Directors				
Mr. Heriard-Dubreuil Francois (c)	360	–	–	360
Mr. Wong Ching Chung (d)	176	–	–	176
Mr. Robert Luc (d)	176	–	–	176
Ms. Sophie Phe (e)	110	–	–	110
Mr. Alain Jacques Gilbert Li (e)	110	–	–	110
The non-executive directors' emoluments shown above were for their services as directors of the Company.				
Independent non-executive Directors				
Mr. Yeung Ting Lap Derek Emory	288	–	–	288
Mr. Sun David Lee	288	–	–	288
Ms. Chung Wai Hang	180	–	–	180
The independent non-executive directors' emoluments shown above were for their services as directors of the Company.				
Total	<u>1,688</u>	<u>1,670</u>	<u>256</u>	<u>3,614</u>

(a) Mr. Huang Manyou resigned on 3 February 2026, then Ms. Zhao Haijing has been appointed as executive director on 3 February 2026.

(b) Appointed on 25 August 2025.

(c) Retired on 26 June 2025.

(d) Retired on 26 June 2024.

(e) Appointed on 14 August 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

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34. SUMMARY OF MATERIAL ACCOUNTING POLICIES

34.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, equities, cash flows and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

(ii) Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.1 Principles of consolidation and equity accounting *(continued)*

(ii) Changes in the Group's interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

34.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

34.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiaries in the PRC is RMB.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.3 Foreign currency translation *(continued)*

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

34.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.5 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

34.6 Financial assets and financial liabilities

(i) **Classification**

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.6 Financial assets and financial liabilities *(continued)*

(i) Classification *(continued)*

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost using the effective interest method, except for obligations arising from put options over the equity interest of a non-wholly owned subsidiary to non-controlling shareholders by the Company.

The gross financial liability arising from a put option over the equity interest of a subsidiary is recognised when contractual obligation to repurchase the equity interest in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the equity interest to the Group. The gross liability is initially recognised at present value of the redemption amount with the corresponding debit to non-controlling interests. Prior to the exercise of the put options by non-controlling shareholders, the remeasurement of the estimated gross obligation under the put options to the non-controlling shareholders is recognised in the profit or loss.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.6 Financial assets and financial liabilities *(continued)*

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to expected credit losses assessments, the Group measures the loss allowance equal to 12 months expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit losses.

(iv) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.7 Inventories

Inventories comprise raw materials, work in progress, finished goods and low value consumables, and are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. An impairment allowance for inventories is recognised where necessary in order to record inventories at their net realisable values.

34.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

34.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.9 Current and deferred income tax *(continued)*

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Current and deferred income tax is recognised in profit or loss.

34.10 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service and are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.10 Employee benefits *(continued)*

(ii) Post-employment obligations

The employees of the Group's subsidiaries in the PRC are members of a state-managed employee pension scheme operated by the Tianjin municipal government which undertakes to assume the retirement benefit obligations of all existing and future retired employees.

The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In addition, the Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. All these contributions are based on a certain percentage of the employee's salary and are charged to the consolidated statement of profit or loss as incurred.

34.11 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

(i) Buildings

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.11 Leases *(continued)*

(i) Buildings (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

34.11 Leases *(continued)*

(i) Buildings (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of warehouse and office are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

(ii) Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses (Note 34.5). Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating license period, whichever is shorter.

34.12 Government grants

Grants from governments are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under Other income, other gains and losses – net.

35. SUBSEQUENT EVENTS

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

Five Years Summary

Following is a summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests in equity of the Group for the last five financial years.

CONSOLIDATED RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers	170,011	271,372	262,801	241,363	305,950
Profit before income tax	12,739	33,552	20,647	15,493	32,955
Income tax expense	(1,636)	(12)	(39)	–	(20)
Profit after income tax	11,103	33,540	20,608	15,493	32,935
Non-controlling interests	(2,585)	100	(730)	(840)	124
Profit attributable to owners of the Company	13,688	33,440	21,338	16,333	32,811

CONSOLIDATED ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS IN EQUITY

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	142,682	140,519	102,254	85,318	93,819
Current assets	421,629	440,008	476,634	440,274	504,518
Current liabilities	(208,996)	(255,893)	(277,783)	(279,880)	(340,050)
Non-current liabilities	(335)	(311)	(1,187)	(126)	(757)
Net assets	354,980	324,323	299,918	245,586	257,530
Non-controlling interests in equity	(27,405)	(14,318)	(14,798)	(15,767)	(18,135)
Equity attributable to owners of the Company	327,575	310,005	285,120	229,819	239,395