

# DYNASTY

酒的王朝

## Dynasty Wines Proposes

### Disposal of Chateau Assets for Shareholders' Voting

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### Actively Reforms Business, Optimizes Business Operation and Working Capital

(Hong Kong – 15 November 2018) **Dynasty Fine Wines Group Limited** (“**Dynasty Wines**” or “**the Group**”) (Stock Code: 828), a premier winemaker in China, has signed a conditional 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) through its wholly-owned subsidiary in relation to the disposal of its assets (“the Assets”) in Beichen District, Tianjin (“the Disposal”). The related resolution is proposed and put to vote by shareholders at the extraordinary general meeting on 5 December. Consideration of the Disposal shall be RMB 400 million. Subject to shareholders’ approval and completion of the transaction, the Group will record an estimated gain of approximately RMB153 million from the Disposal. Of the net proceeds of approximately RMB312 million, around RMB150 million will be used to repay the Group’s borrowings and around RMB162 million will be used as general working capital of the Group.

The Assets are located in Beichen District, Tianjin, which cover land use rights of a site area of approximately 169,300 sq.m. with above-ground buildings of total GFA of approximately 24,500 sq.m., including a European-style wine chateau, wine blending and temperature control centers, as well as an ancillary building containing the technical center, etc.

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Owing to the rapidly changing business environment and market demand for wine products that has shifted from medium to high-end corporate customers to the medium to low-end mass markets that the Group strategically focuses on, the operation of the chateau no longer helps enhance development of e-commerce or mass market businesses. The chateau is currently in an idle state and other related facilities are not in use by the Group for its production activities. Therefore, in actively responding to changing market demand, Dynasty Wines is disposing of the Assets in order to direct resources towards developing its core business – production and distribution of wine products. Subject to shareholders' approval and completion of the Disposal, it is expected that the Group will be able to optimize its business operation and working capital, so as to maximize returns to its shareholders.

The year 2018 marks a period of reform for Dynasty Wines. As supermarket channels are one of the Group's principal off-trade channels, the Group is now reforming its sales and distribution model to improve sales performance via the nationwide supermarket channel. The measures include strengthening control of retail prices; enhancing management in terms of controlling sales and marketing expenses; streamlining the existing sales and distribution system; reorganizing the product portfolio; and improving operational efficiency. Moreover, the Group devoted significant resources during the year to increase investment in marketing and distribution channels and to consolidate the vast end-user and distribution network. Furthermore, the Group increased direct interaction with consumers through promotional activities, such as tasting events. In addition, the Group has launched its e-commerce business by joining various online platforms, including Tmall and JD.com, to further expand its sales channels and develop a new customer base.

Dynasty Wines has been reviewing its business strategy in a bid to improve working capital, bolster business operations and maximize returns to its shareholders. With new management on board since early this year, the Group has continued to improve its organizational structure, cooperate with its distributors and enhance the professionalism in business management. Leveraging its experience in the wine industry, the Group will continue to intensify its reforms and explore new sales channels, which will provide a solid foundation for sustainable development in the future. Directors are therefore optimistic about the Group's business prospects.

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**About Dynasty Fine Wines Group Limited**

Founded in 1980, Dynasty Wines is a premier winemaker in China. It is principally engaged in the production and sale of wine products under its reputable Dynasty brand. Dynasty Wines is the first Sino-foreign joint venture wine company in China with Tsinlien Group Company Limited and Remy Cointreau as its major shareholders. The Group produces and sells more than 100 wine products as well as markets about 180 imported ones, providing consumers across all strata in the PRC with high quality products offering excellent value for money. Dynasty wines have been included 13 times on the list of Best Selling Wines in China published by the China Industry and Enterprise Information Centre between 1997 and 2018.

For more information, please visit:

Company website: [www.dynasty-wines.com](http://www.dynasty-wines.com)

Facebook: [www.facebook.com/DynastyWines](https://www.facebook.com/DynastyWines)

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