

[Press Release]

DYNASTY

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Dynasty expects revenue to nearly double year-on-year to over HK\$170 million in the first half of 2021

Increases sales of medium to high end wine products and improves gross profit margin

(Hong Kong – 2 August 2021) Dynasty Fine Wines Group Limited (“Dynasty” or the “Group”) (Stock Code: 828), a premier winemaker in China, today issued a profit alert update based on its latest unaudited consolidated management accounts. The Group expects to record a year-on-year increase in consolidated revenue of approximately 90% to 100%, reaching more than HK\$170 million for the six months ended 30 June 2021 (“the Period”). The consolidated profit for the Period is expected to be between HK\$10 million and HK\$20 million.

The significant increase in Dynasty's revenue during the Period was mainly attributable to three factors. Firstly, as the COVID-19 pandemic has gradually been brought under control in China, the government has relaxed the restrictions on consuming places, which has boosted the resumption of consumption occasions and consumer sentiment, as well as the growth in economy, particularly in domestic demand, which led to recovery of sales. Secondly, compared with the same period last year, sales of medium to high end wine products increased during the Period following the Group's upgrade of its brands and products. Thirdly, the Group's sales team strengthened its cooperation with distributors which subsequently purchased goods before festivals. This also demonstrated the Group's steady progress through the implementation of sales and marketing reforms.

During the same period last year, Dynasty recorded a non-recurrent gain of approximately HK\$184 million from the disposal of a chateau and related facilities, as well as non-recurrent employee compensation costs of approximately HK\$13.3 million due to the implementation of an employee reform plan, bringing the Group's unaudited consolidated profit for the first half of last year to HK\$142.6 million. Excluding the effect of these non-recurrent gain and expense, the Group would have recorded an adjusted unaudited

consolidated loss of approximately HK\$27.8 million for the same period last year, while the consolidated profit for the Period is expected to be in a range of HK\$10 million to HK\$20 million, a significant improvement by turning around from loss into profit. The upturn was mainly due to rising sales of medium to high end wine products and a higher gross profit margin.

In 2021, Dynasty adjusted its layouts of product, sales channels and marketing, and achieved remarkable results in the process. **In terms of product strategy**, in response to market demand and riding on its competitive edges, Dynasty further advanced its “5+4+N product strategy”, in which “5” represents the five key product lines, namely the air dry series, seven-year reserve series, merlot series, classic series and best-selling series, covering all mainstream price segments, “4” refers to the four dominant categories i.e. dry red wines, dry white wines, brandy and sparkling wines, to increase the market share; and “N” stands for the development of various customized products to meet the diversified needs of consumers.

In order to promote its new products, Dynasty held its first brandy tasting and business fair event this January and also took part in the China Food & Drinks Fair held in Chengdu this April. During the fairs, the Group actively promoted its latest product mix, and received an enthusiastic market response. In June of this year, the Group once again held a launch event for the upgraded Dynasty Classic Collection – Cabernet Sauvignon Dry Red Wines. The upgraded series comprises eight products, with price segments further covering the mainstream market for mass consumption.

As for marketing, Dynasty has stepped up its brand promotion efforts and advertising investment. Since March of this year, Dynasty has title sponsored a high-speed train that has a route covering the core areas of Jiangsu, Zhejiang and Shanghai – Dynasty’s key markets. The Group has also launched marketing efforts at offline points of sale in the Jiangsu-Zhejiang-Shanghai region, as well as via its flagship online stores on JD.com and TMall, enabling the rollout of nationwide sales and marketing activities. Meanwhile, Dynasty has continued to expand its distribution channels, including tobacco and liquor shops, convenience stores and medium and large supermarkets, catering outlets and social communities. It also penetrated social communities by flexibly organizing interactive and thematic activities and engaging opinion leaders and content marketing, so that it may have the benefit of diverse yet fully integrated channels. Moreover, in July of this year, Dynasty also adjusted its marketing strategy for dry white wines to extend beyond coastal cities. Based mainly in

southern China, the Group has spread the coverage of its marketing efforts to 18 cities across the nation. It promoted Dynasty dry white wines by a systematic and large-scale approach through tasting events, provision of complimentary drinks and the use of various displays, etc.

In the first half of this year, Dynasty successfully boosted the sales of its medium to high end wine products and improved its gross profit margin by making effective strategic adjustments and leveraging its strong execution capabilities. Going forward, Dynasty will pursue continuous innovation in response to consumer demand and strive for competitive differentiation within the industry in terms of brands, products, sales models and talent.

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About Dynasty Fine Wines Group Limited

Founded in 1980, Dynasty is a premier winemaker in China. It is principally engaged in the production and sale of wine products under its reputable Dynasty brand. Dynasty is the first Sino-foreign joint venture wine company in China with Tianjin Food Group Co. Ltd. and Remy Cointreau as its major shareholders. The Group produces and sells more than 100 wine products as well as markets about 110 imported ones, providing consumers across all strata in the PRC with high quality products offering excellent value for money.

For more information, please visit:

Company website: www.dynasty-wines.com

Facebook: www.facebook.com/DynastyWines

To shop Dynasty's wines online, please visit: www.dynasty-wines.com/shop/

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