



**KINGWAY BREWERY HOLDINGS LIMITED**

**金威啤酒集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 124)**

## **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the unaudited consolidated net profit of the Group for the year ending 31 December 2007 may experience a significant decline compared with that for the year ended 31 December 2006 or the Group may even record an operating loss for the full year.

The information contained in this announcement is only a preliminary estimate performed by the management of the Company and is not based on any figures or information audited or reviewed by the Company's auditors. As the financial year ending 31 December 2007 has not completed, therefore the Company's full year results are not yet available.

**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

This announcement is made by Kingway Brewery Holdings Limited (the "**Company**", together with its subsidiaries shall be referred to as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

Reference is made to the interim report dated 19 September 2007 of the Company for the six months ended 30 June 2007, in which it was mentioned that the unaudited consolidated profit for the six months ended 30 June 2007 of the Group had experienced a decrease of 77.5% as compared to the same period in 2006.

The board of directors of the Company wishes to inform the shareholders of the Company and potential investors that it is expected that the unaudited consolidated net profit of the Group for the year ending 31 December 2007 may experience a significant decline compared with that for the year ended 31 December 2006 or the Group may even record an operating loss for the full year. Based on the information available, such decline is mainly due to a number of factors, including a decrease in the average unit-selling price of the Group's products due to a shift of product mix to the production and sale of more mass-market products, an increase in the average unit-fixed costs of the Group's products due to the commencement of operation of the Group's new plants in Xian and Chengdu in the first half of 2007, an increase in raw material prices such as malt and an increase in administrative expenses due to the Group's expanded operating scale and in finance costs due to the Group's increased bank borrowings during the year.

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**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Kingway Brewery Holdings Limited**  
**Ye Xuquan**  
*Chairman*

Hong Kong, 4 December 2007

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. YE Xuquan, Mr. JIANG Guoqiang and Ms. LIANG Jianqin; seven Non-executive Directors, namely Mr. KOH Poh Tiong (*Note 1*), Mr. Sijbe HIEMSTRA (*Note 2*), Mr. Anthony CHEONG Fook Seng (*Note 3*), Mr. ZHAO Leili, Mr. LUO Fanyu, Mr. Michael WU and Mrs. HO LAM Lai Ping, Theresa; and three Independent Non-executive Directors, namely Mr. Alan Howard SMITH, Mr. V-nee YEH and Mr. FONG Wo, Felix.

*Notes:*

1. Mr. KOH Poh Tiong has appointed Mr. HUANG Hong Peng as his alternate director.
2. Mr. Sijbe HIEMSTRA has appointed Mr. Kenneth CHOO Tay Sian as his alternate director.
3. Mr. Anthony CHEONG Fook Seng has appointed Mr. LEE Meng Tat as his alternate director.

\* *For identification purpose only*