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Dynasty Fine Wines Group Limited

王朝酒業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 828)

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 anticipated that the unaudited consolidated net profit to be recorded by the Group for the year ended 31 December 2011 may be considerably lower than that as compared with last year.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group, which have not been reviewed and approved by the Company's audit committee, and are still being audited by the Company's auditor.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Dynasty Fine Wines Group Limited (the "Company", together with its subsidiaries, 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").

The board of Directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that it is anticipated that the unaudited consolidated net profit to be recorded by the Group for the year ended 31 December 2011 may be considerably lower than that as compared with last year.

Based on the preliminary review of the information for the year ended 31 December 2011 currently available, the estimates are as follows:

- Despite the increase in average ex-factory sales price of the Group's wine products as a result of shifting the sales mix further to high end products, the sales revenue has still recorded a decrease compared with last year mainly because as disclosed in the Company's 2011 interim report, the Group is implementing a reform on its sales and

distribution model with a view to improve the operational efficiency of the Group. Reform measures include, among other things, (i) co-operating with distributors to strengthen the control on retail price; (ii) enhancing the effective management in monitoring and controlling sales and marketing spending; and (iii) streamlining the existing multi-layered sales and distribution system. Purchase orders for the year ended 31 December 2011 from certain distributors which are affected by the above mentioned reform, especially those in Zhejiang province, have reduced resulting in a decrease in sales volume in such region compared with last year. During the second half of the year 2011, the reform is still in progress and will take time to implement. As Zhejiang province is part of the Huadong region which is the Group's strongest market in mainland China, the decrease in sales of that region has an impact on the overall sales volume of the Group.

- The gross profit margin decreased compared with last year mainly as a result of the impact of (i) the increase in the cost of raw materials (including grapes and grape juice) and manufacturing overheads; and (ii) the newly imposed city construction tax and education surcharge levied on the Group's subsidiaries in mainland China.

Based on impacts of the above factors, the unaudited consolidated net profit to be recorded by the Group may be considerably lower than that as compared with last year.

The Board is of the view that the overall operations of the Group as a whole remain sound and intact; and the financial position of the Group remains solid. With the implementation of the reform, the Group believes that the programme of reform on sales and distribution model will improve the Group's operational efficiency and maximize the sales revenue of the Group in the long run.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group, which have not been reviewed and approved by the Company's audit committee, and are still being audited by the Company's auditor.

As the Group's consolidated results for the year ended 31 December 2011 have not yet been finalised, the Board is not in a position to quantify precisely the relevant financial effect at this stage. Further details of the Group's performance will be disclosed when the Group announces its annual results for the year ended 31 December 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
DYNASTY FINE WINES GROUP LIMITED
Bai Zhisheng
Chairman

Hong Kong, 10 February 2012

As at the date of this announcement, the Board comprises 3 executive directors, namely, Mr. Bai Zhisheng, Mr. Gao Feng and Mr. Huang Yaqiang, 6 non-executive directors, namely, Mr. Heriard-Dubreuil Francois, Mr. Wu Xuemin, Mr. Jean-Marie Laborde, Mr. Dong Jingrui, Mr. Wong Ching Chung and Mr. Robert Luc, and 3 independent non-executive directors, namely, Dr. Hui Ho Ming, Herbert, Mr. Chau Ka Wah, Arthur and Mr. Yeung Ting Lap Derek Emory.