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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 and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 31 December 2012 as compared to an audited consolidated profit for the previous 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") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 31 December 2012 as compared to an audited consolidated profit for the previous year.

Based on the preliminary review of the information currently available, such decrease is mainly attributable to:

- a decrease in sales volume compared to the previous year's as a result of (1) the impact of reform on the Group's sales and distribution model as disclosed in the Company's 2012 interim report. The reform continues to progress on track but the pace of reform was slower than expected, especially in Zhejiang province and Shanghai city, and will take time to implement; and (2) weaker demand of domestic wine products amidst the underperformed economic environment in the People's Republic of China and impact of imported wines.
- an increase in distribution costs as a percentage of revenue compared to the previous year's because of continuous increase in investment in brand building, sales and marketing in order to ensure sustainable development of the Group and optimize the product mix.

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 2012 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 in the announcement of annual results of the Group for the year ended 31 December 2012 which is expected to be announced before the end of March 2013.

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, 4 February 2013

At the date of this announcement, the Board comprises 3 executive directors, namely, Mr. Bai Zhisheng, Mr. Hao Feifei and Mr. Huang Yaqiang, 6 non-executive directors, namely, Mr. Heriard-Dubreuil Francois, Dr. Wang Weidong, 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. Yeung Ting Lap Derek Emory and Mr. Sun David Lee.