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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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that it is anticipated the Group would continue to record an unaudited consolidated loss for the six months ended 30 June 2014 as compared to the unaudited consolidated loss for the same period last year.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group for each of the six months ended 30 June 2013 and 2014, which have not taken into account the update of the Internal Investigation, and which also have not been reviewed and approved by the Company's audit committee and auditor.

Trading in the shares of the Company on the Stock Exchange will remain suspended until further notice.

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”, which together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 board (the “Board”) of directors (the “Directors”) of the Company wishes to inform the shareholders of the Company and potential investors that it is anticipated the Group would continue to record an unaudited consolidated loss for the six months ended 30 June 2014 as compared to the unaudited loss for the same period last year.

Based on the review of the preliminary estimate and assessment made with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2014 currently available to the Board, such loss estimate is mainly attributable to decrease in gross profit and its margin as a result of:

- a decrease in sales volume compared to same period last year as a result of (1) government policy of restrictions on entertainment and hospitality; and (2) weaker demand of domestic wine products amid the slower economic growth in the People’s Republic of China and impact of imported wines; and
- a decrease in average selling price compared to same period last year because of shift of product mix to more medium to low-end products in response to the market demand.

The Board, however, expects that the amount of the unaudited consolidated loss for the six months ended 30 June 2014 would be significantly less than unaudited consolidated loss for the same period last year by ranging from 40%-50%, subject to adjustments in the future. The decrease in the amount of the loss was primarily due to the distribution cost saving following the effective implementation of cost control policy.

As set out in the announcements of the Company dated 14 March 2013, 22 March 2013, 26 March 2013, 30 April 2013, 31 May 2013, 28 June 2013, 31 July 2013, 21 August 2013, 30 August 2013, 25 September 2013, 8 October 2013, 31 October 2013, 29 November 2013, 31 December 2013, 28 January 2014, 28 February 2014, 27 March 2014, 28 April 2014, 30 May 2014 and 30 June 2014 (the “Announcements”), 2012 Annual Results, 2013 Interim Results and 2013 Annual Results (as defined in the Announcements) have not been published and despatch of 2012 Annual Report, 2013 Interim Report and 2013 Annual Report (as defined in the Announcements) have been delayed since the Internal Investigation (as defined in the Announcements) has not been completed. PwC (as defined in the Announcements) would only be able to continue with their work to complete the audit on the 2012 Annual Results and 2013 Annual Results upon the Internal Investigation having been completed.

The information contained in this announcement is only based on the preliminary review of the management accounts of the Group for each of the six months ended 30 June 2013 and 2014, which have not taken into account the update of the Internal Investigation, and which also have not been reviewed and approved by the Company’s audit committee and auditor.

As the Group's consolidated results for the six months ended 30 June 2014 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 interim results for the six months ended 30 June 2014.

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By order of the Board
DYNASTY FINE WINES GROUP LIMITED
Hao Feifei
Chairman

Hong Kong, 25 July 2014

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Hao Feifei, Mr. Yin Jitai, Mr. Sun Yongjian and Mr. Huang Yaqiang, five non-executive Directors, namely, Mr. Heriard-Dubreuil Francois, Ms. Shi Jing, Mr. Jean-Marie Laborde, Mr. Wong Ching Chung and Mr. Robert Luc, and three independent non-executive Directors, namely, Dr. Hui Ho Ming, Herbert, Mr. Yeung Ting Lap Derek Emory and Mr. Sun David Lee.