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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 the Group is expected to record a greater unaudited consolidated loss for the six months ended 30 June 2013 as compared to the loss for the same period last year.

The information contained in this announcement is only based on the preliminary review of the management accounts and raw financials of the Group, which have not taken into account the progress of the Internal Investigation that is still ongoing, 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 the Group is expected to record a greater unaudited consolidated loss for the six months ended 30 June 2013 as compared to the 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 Company for the five months ended 31 May 2013 and raw financials of the Group for the month of June 2013 currently available to the Board, such increased loss estimate is mainly attributable to:

- a decrease in sales volume compared to same period last year as a result of (1) weaker demand of domestic wine products amid the slower economic growth in the People’s Republic of China and impact of imported wines; (2) government policy of restrictions on entertainment and hospitality; and (3) the impact of reform on the Group’s sales and distribution model as disclosed in the Company’s 2012 interim report. Such reform continues to progress on track but the pace of reform was slower than expected, especially in Jiangsu and Zhejiang provinces and Shanghai city, and will take time to implement;
- a decrease in gross profit margin compared to same period last year because of a significant decrease in the sales of high-end products such as a cask collection of premium wines;
- an increase in distribution costs as a percentage of revenue compared to the previous period’s due to continuous increase in investment in brand building, sales and marketing in response to the market change, reform on its sales and distribution model and sustainable development of the Company; and
- an increase in administrative expenses in respect of legal and accounting professional services.

As set out in the announcements of the Company dated 14 March 2013, 26 March 2013, 30 April 2013 and 31 May 2013 (the “Announcements”), 2012 Annual Results (as defined in the Announcements) have not been published and despatch of 2012 Annual Report (as defined in the Announcements) has 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 upon the Internal Investigation having been completed.

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As the Group’s consolidated results for the six months ended 30 June 2013 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 2013.

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

Hong Kong, 27 June 2013

As 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.