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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)

**UPDATE ON RECENT DEVELOPMENT OF SUSPENSION
AND BUSINESS OF THE GROUP
AND
DELAY IN DESPATCH OF THE 2014 ANNUAL REPORTS**

This announcement is made by Dynasty Fine Wines Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (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, 30 June 2014, 31 July 2014, 29 August 2014, 30 September 2014, 31 October 2014, 26 November 2014, 31 December 2014, 30 January 2015, 27 February 2015, 31 March 2015 and 16 April 2015. Capitalised terms used herein shall have the same meaning as those defined in the Announcements unless the context otherwise requires.

RESUMPTION CONDITIONS

As set out in the announcement dated 8 October 2013, the Company is currently working with its advisers to take the necessary steps to fulfill the Resumption Conditions imposed by the Stock Exchange. As at the date of this announcement, the current status is as follows:

Internal Investigation

As at the date of this announcement, the Board wishes to inform the Shareholders that regarding the update of the Internal Investigation, the management of the Company has made its best effort to meet and will continue to liaise and meet with various professional parties to further discuss and clarify the update and strive to complete the Internal Investigation as soon as practicable. In order to fulfill the Resumption Conditions, the management of the Company will continue to review on the update and to assess whether there is any impact on the draft management accounts of the Group. Currently, the management is still collating and verifying the previous years' information and certain documents, among other things, mainly relating to certain sales transactions, selling expenses and inventories for the Internal Investigation and the audit. This process is expected to take some time especially given the time for outside third parties to provide the relevant information and/or documents to the Company. Therefore, it would not be practicable to fix a timetable until we have collated and provided the relevant information and/or documents to the relevant professional parties and then confirmed such timetable with them. Further announcement will be made by the Company as and when appropriate.

Publication of 2012 Annual Results, 2013 Interim Results, 2013 Annual Results, 2014 Interim Results and 2014 Annual Results

The Company has worked closely with PwC for the audit on the 2012 Annual Results, the 2013 Annual Results and the 2014 Annual Results. Since the relevant information and/or documents have not been fully provided by the management to PwC and the update of the Internal Investigation has not been finalised as at the date of this announcement, no timetable for completion of the audit on the 2012 Annual Results, the 2013 Annual Results and the 2014 Annual Results can be fixed.

A detailed resumption timetable will be prepared and fixed after completion of the Internal Investigation and the audit on the 2012 Annual Results, the 2013 Annual Results and the 2014 Annual Results. Further announcement will be made by the Company as and when appropriate.

UNAUDITED FINANCIAL INFORMATION

Set out below is an extract of the unaudited financial information from the draft management accounts of the Group for each of the years ended 31 December 2013 and 2014. However, the relevant financial information is pending for further review by the Company and the relevant professional parties, as well as the potential adjustments and finalisation that might be incurred during the audit and subject to the outcome of assessment on the update of the Internal Investigation, and which also have not been reviewed or audited and approved by the Company's auditor and the AC. The actual audited results of the Group for each of the years ended 31 December 2013 and 2014 may be different from the disclosure in this announcement.

UNAUDITED FINANCIAL INFORMATION – CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited for the years ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Revenue	649,286	781,617
Cost of sales	(455,871)	(541,784)
Gross profit	193,415	239,833
Other income	15,709	7,408
Distribution costs	(276,583)	(432,349)
Administrative expenses	(177,800)	(154,877)
Operating loss	(245,259)	(339,985)
Finance costs	(2,956)	(5,428)
Loss before income tax	(248,215)	(345,413)
Income tax expense	(10,478)	(10,856)
Loss for the year	(258,693)	(356,269)
Attributable to:		
Owners of the Company	(258,740)	(356,058)
Non-controlling interests	47	(211)
	(258,693)	(356,269)

**UNAUDITED FINANCIAL INFORMATION – CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

	As at	
	31 December 2014	31 December 2013
	Unaudited HK\$'000	Unaudited HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	479,701	532,971
Leasehold land and land use rights	67,039	66,455
Goodwill	9,421	9,421
Investment in an associate	–	–
Prepayment	1,563	4,708
Deferred income tax assets	–	13,104
	557,724	626,659
Current assets		
Trade receivables	103,719	286,457
Other receivables, deposits and prepayments	73,410	48,825
Inventories	1,027,641	971,818
Prepaid income tax	9,996	15,220
Restricted cash	–	636
Cash and bank balances	139,042	215,897
	1,353,808	1,538,853
LIABILITIES		
Current liabilities		
Trade payables	191,807	239,357
Other payables and accruals	386,588	318,771
Amount due to holding company	31,988	–
Short-term bank loans	–	63,613
Current income tax liabilities	71	445
Total liabilities	610,454	622,186
NET ASSETS	1,301,078	1,543,326

The Board wishes to remind investors that the above financial data extract are based on the Group's unaudited draft management accounts. Investors are cautioned not to unduly rely on such data.

UPDATE ON BUSINESS OF THE GROUP

Revenue and sales analysis

Revenue of the Group represents proceeds from sale of wine products. For the year ended 31 December 2014, it decreased by 17% to approximately HK\$649 million from approximately HK\$782 million in 2013. The drop in revenue was the result of a decrease in sales volume and the decrease in average ex-winery sales price.

The decrease in sales volume compared to last year was 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.

The decrease in average selling price compared to last year was because of shift of product mix to more medium to low-end products in response to the market demand.

Gross profit margin

Margin is calculated based on cost of sales inclusive of consumption tax and other taxes, and gross invoiced sales. The overall gross profit margin of the Group slightly decreased to 30% for the year ended 31 December 2014, compared with 31% in 2013.

Loss attributable to owners

The unaudited consolidated loss for the year was mainly attributable to the decrease in revenue and gross profit. The distribution costs and administrative expenses (including legal and professional fee incurred for the Internal Investigation and an increase in provision for impairment of certain aged trade receivables of approximately HK\$30 million) fully offset the gross profit, resulting in a loss for the year. The amount of the unaudited consolidated loss for the year ended 31 December 2014 was less than unaudited consolidated loss for the last year, subject to adjustments and finalisation that might be incurred during the audit. The decrease in the amount of the loss was primarily due to the distribution cost saving following the effective implementation of cost control policy that the Group endeavored to promote operations with low costs and high efficiency.

DELAY IN DESPATCH OF THE 2014 ANNUAL REPORT

Pursuant to 13.46(2) of the Listing Rules, the Company is required to send the annual report of the Group including the financial statements of the Group for the year ended 31 December 2014 and a copy of the auditors' report thereon (the **"2014 Annual Report"**) to its shareholders (the **"Shareholders"**) not less than 21 days before the date of the Company's annual general meeting and in any event not more than four months after the end of the financial year to which they relate, being 30 April 2015.

The Board wishes to inform the Shareholders that since PwC indicated that it would only be able to complete the audit on the 2012 Annual Results, the 2013 Annual Results and the 2014 Annual Results upon the completion of the Internal Investigation, the publication of the 2012 Annual Results and 2013 Annual Results and the despatch of 2012 Annual Report and 2013 Annual Report will continue to be delayed. Due to the incompleteness of the audit of the 2012 Annual Results and 2013 Annual Results and subject to the results of the Internal Investigation, the progress of the preparation and finalisation of the 2014 Annual Results are affected and delayed. As such, the publication of the 2014 Annual Results will continue to be delayed and despatch of the 2014 Annual Report will also be delayed.

The Board acknowledges that the delay in despatch of the 2014 Annual Report will constitute non-compliance with Rule 13.46 (2) of the Listing Rules.

The Company will issue further announcement to inform the Shareholders should the date of the Meeting, the publication date of the 2012 Annual Results, the 2013 Interim Results, the 2013 Annual Results, the 2014 Interim Results and the 2014 Annual Results, the date of despatch of the 2012 Annual Report and the 2013 Interim Report, the 2013 Annual Report, the 2014 Interim Report and the 2014 Annual Report have been determined.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 22 March 2013 and will remain suspended until further notice.

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

Hong Kong, 30 April 2015

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Hao Feifei, Mr. Yin Jitai and Mr. Sun Yongjian, 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. Zhang Guowang, Mr. Yeung Ting Lap Derek Emory and Mr. Sun David Lee.