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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)

**(I) QUARTERLY UPDATE ON RECENT DEVELOPMENT OF SUSPENSION;
(II) PROFIT WARNING;
(III) DELAY IN PUBLICATION OF OUTSTANDING FINANCIAL RESULTS AND REPORTS;
AND
(IV) SUSPENSION OF TRADING OF SHARES**

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, 16 April 2015, 30 April 2015, 29 May 2015, 30 June 2015, 14 August 2015, 31 August 2015, 30 September 2015, 23 October 2015, 26 November 2015, 15 December 2015, 29 January 2016, 1 March 2016, 31 March 2016, 3 May 2016, 30 June 2016, 2 August 2016, 31 August 2016, 31 October 2016, 3 January 2017, 3 March 2017, 19 April 2017, 12 May 2017, 23 August 2017, 30 November 2017, 29 December 2017, 8 January 2018, 31 January 2018, 28 February 2018, 29 March 2018, 20 April 2018, 21 May 2018, 29 June 2018, 31 July 2018, 31 August 2018, 30 September 2018, 31 October 2018 and 30 November 2018. Capitalised terms used herein shall have the same meaning as those defined in the Announcements unless the context otherwise requires.

BUSINESS OPERATIONS OF THE GROUP

The Group is principally engaged in the production and sales of red wines, white wines and other products including sparkling wines, brandy and ice wine. The business operation of the Group is mainly carried out in the PRC.

Based on the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2018, the total revenue of the Group amounted to about HK\$328 million (2017: HK\$393 million). Sales of red wines continued to be the primary revenue contributor of the Group and contributed approximately 72% (2017: 71%) of the Group's total revenue for the year ended 31 December 2018. Sales of white wines and other products contributed approximately 27% and 1% (2017: 28% and 1%) of the Group's total revenue for the year ended 31 December 2018, respectively. As of 31 December 2018, the total assets of the Group amounted to approximately HK\$793 million (as at 31 December 2017: approximately HK\$888 million).

As disclosed in the Company's circular dated 15 November 2018, Sino-French Joint-Venture Dynasty Winery Limited, a wholly-owned subsidiary of the Company, entered into the Asset Transaction Agreement with Tianjin Yiyang Big Health Small Township Development Co., Ltd. (天津頤養大健康小鎮建設開發有限公司) to sell the land use rights and aboveground buildings covering a chateau and the related facilities at the consideration of RMB400 million (the “**Transaction**”). The Transaction was approved by the shareholders of the Company at the extraordinary general meeting held on 5 December 2018. Completion of the Transaction is expected to take place in April 2019. The estimated net proceeds of approximately RMB312 million will be used for repayment of borrowings and as general working capital of the Group.

PROFIT WARNING

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 year ended 31 December 2018 as compared to the unaudited consolidated loss for the previous year.

Based on the review of the preliminary estimate and assessment made with reference to the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2018 currently available to the Board, it is expected that the amount of the unaudited consolidated loss for the year ended 31 December 2018 would decrease by approximately 20% as compared with unaudited consolidated loss for the previous year, subject to potential adjustments and finalisation that might be incurred during the audit. Such decrease was primarily attributable to the drop in revenue and gross profit as compared to those for the year ended 31 December 2017, but offset by the saving in distribution costs during the year. The decrease in revenue for the year ended 31 December 2018 was mainly due to the deteriorating operating condition for certain distributors in Eastern and Southeast regions of the PRC during the year. To cope with this, the Group has taken measures to rationalise the distributors' portfolio and sales channel in these regions.

The Company is still in the process of preparing and finalising the results of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on the preliminary review of the draft management accounts of the Group for the year ended 31 December 2018, which are subject to potential adjustments and finalisation that might be incurred during the audit, which also have not been reviewed and approved by the Company's audit committee, and have not been audited by auditor.

As the Group's consolidated results for the year ended 31 December 2018 have not yet been finalised, the Board is not in a position to quantify precisely the relevant financial effect at this stage. The actual results of the Group for the year ended 31 December 2018 may be different from what is disclosed herein.

Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the year ended 31 December 2018.

RESUMPTION PLAN AND EXPECTED TIMETABLE

In relation to the Financial Results Publication Condition, the Company has published the 2016 Annual Results, the 2015 Annual Results, the 2014 Annual Results, the 2013 Annual Results and the 2012 Annual Results; and the interim results for the six months ended 30 June 2016, 2015, 2014 and 2013.

The Board would like to update the Shareholders of the matters pertaining to the publication of the 2017 Annual Results, 2017 Interim Results and 2018 Interim Results and reports. As additional time is required by the Company to finalise the Outstanding Results Announcements and reports, and to address the concerns raised by auditor for the completion of the audit for the consolidated financial statements of the year ended 31 December 2017, which are pending on, among other things, an internal investigation into matters relating to the litigation disclosed in the announcements of the Company dated 8 August 2018 and 23 October 2018, being conducted by the audit committee of the Company with the assistance of its legal adviser and a professional third party, the investigation is aimed at being completed in early March 2019, the Board would like to update the Shareholders the expected timetable for the publication below:

Expected timeline:

Publication of the preliminary 2017 Annual Results, and address any audit qualifications (if any), 2017 Interim Results and 2018 Interim Results	By the end of March 2019
Publication of annual reports for the years ended 31 December 2012, 2013, 2014, 2015 and 2016; and the interim reports for the six months ended 30 June 2013, 2014, 2015 and 2016	By the end of April 2019
Publication of annual report for the year ended 31 December 2017 and the interim reports for the six months ended 30 June 2017 and 2018	To be updated in future monthly announcement

Should there be any changes in the above timetable, the Company will make further announcement to update the Shareholders with the publication of the Outstanding Results Announcements and reports as and when appropriate.

The Company will make further announcement(s) relating to any further material development of the above. The Company will also inform the market of all material information for the shareholders and potential investors of the Company to appraise the Company's position as and where appropriate.

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
Sun Jun
Chairman

Hong Kong, 31 January 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Sun Jun, Mr. Li Guanghe 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.