Dynasty Fine Wines Group Limited
王 朝 酒 業 集 團 有 限 公 司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 828)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR YEAR ENDED 31 DECEMBER 2008

The board of directors (the "Board") of Dynasty Fine Wines Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008, prepared on the basis set out in Note 2, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Revenue	3	**1,360,859**	1,123,327
Cost of sales	5	**(639,148)**	(544,454)
Gross profit		**721,711**	578,873
Other income	3	**28,660**	46,569
Distribution costs	5	**(442,272)**	(339,211)
Administrative expenses	5	**(90,823)**	(105,015)
Operating profit		**217,276**	181,216
Share of (loss)/profit of an associate		**(65)**	67
Profit before income tax		**217,211**	181,283
Income tax expense	6	**(73,270)**	(54,668)
Profit for the year		**143,941**	126,615

	Note	2008 HK$'000	2007 HK$'000
Attributable to:			
Equity holders of the Company		**143,079**	126,326
Minority interests		**862**	289
		143,941	126,615
Dividends	7	**67,230**	59,760
Earnings per share of profit attributable to the equity holders of the Company			
		HK cents	*HK cents*
— Basic and diluted earnings per share	8	**11.5**	10.1

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**440,302**	361,928
Land use rights		**63,787**	61,698
Goodwill		**9,421**	9,421
Investment in an associate		**13,237**	12,536
Deferred income tax assets		**—**	1,373
		526,747	446,956
Current assets			
Trade receivables	9	**84,093**	106,504
Other receivables, deposits and prepayments		**80,692**	61,428
Inventories		**462,655**	422,564
Cash and cash equivalents		**999,006**	830,346
		1,626,446	1,420,842
Total assets		**2,153,193**	1,867,798
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital		**124,500**	124,500
Other reserves		**1,172,589**	1,115,891
Retained earnings			
— Proposed final dividend		**—**	14,940
— Others		**431,782**	305,285
		1,728,871	1,560,616
Minority interests in equity		**35,501**	32,616
Total equity		**1,764,372**	1,593,232

	Note	2008 HK$'000	2007 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	10	**89,015**	44,121
Other payables and accruals		**274,905**	218,703
Current income tax liabilities		**24,901**	11,742
Total liabilities		**388,821**	274,566
Total equity and liabilities		**2,153,193**	1,867,798
Net current assets		**1,237,625**	1,146,276
Total assets less current liabilities		**1,764,372**	1,593,232

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, whilst the principal office is Suite 5506, 55/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and trading of wine products. The principal activities of the subsidiaries are manufacturing and sale of wine products and unprocessed wine.

These consolidated financial statements have been approved for issue by the Board on 22 April 2009.

2. BASIS OF PREPARATION

The consolidated financial statements of Dynasty Fine Wines Group Limited have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention.

The following interpretation is effective in 2008 but does not have impact to the Group.

HK(IFRIC)-Int 11, 'HKFRS 2 — Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

There are other new standards and interpretations effective in 2008 but not relevant to the Group.

3. REVENUE AND OTHER INCOME

The Group is principally engaged in the manufacturing and sale of wine products. Revenue and other income recognised during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Manufacturing and sale of wine products	**1,360,859**	1,123,327
Other income		
Interest income	**22,939**	31,105
Government grant	**5,721**	15,464
	28,660	46,569
Total revenue and other income	**1,389,519**	1,169,896

4. SEGMENT INFORMATION

Manufacturing and sale of wine products is the only business segment of the Group for the year ended 31 December 2007 and 2008.

No geographic analysis is provided as less than 10% of the consolidated revenue, results and operating assets of the Group are attributable to markets other than the PRC.

5. EXPENSE BY NATURE

	2008	2007
	HK$'000	*HK$'000*
Cost of unprocessed wines, consumables and other materials recognised as expenses included in cost of sales	**456,085**	385,511
Advertising, marketing, and other incidental promotion expenses	**307,585**	214,795
Consumption tax at 10% of domestic sales	**132,811**	112,104
Employee costs including directors' emoluments	**108,799**	88,474
Transportation and logistics expenses	**83,014**	77,832
Depreciation	**45,681**	37,673
Consultancy and professional fees	**2,868**	2,677
Operating lease rentals in respect of:		
— transformation station	**2,376**	2,227
— office premises	**2,262**	2,130
Amortisation	**1,638**	1,786
Auditors' remuneration	**1,265**	1,150
Net exchange loss	**337**	19,806
Other expenses	**27,522**	42,515
Total of cost of sales, distribution costs and administrative expenses	**1,172,243**	988,680

6. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Current income tax:		
— PRC income tax for the year	**69,952**	52,703
— Under provision in previous year	**1,904**	1,965
	71,856	54,668
Deferred income tax:		
— Reversal of temporary difference	**1,414**	—
	73,270	54,668

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

Provision for PRC income tax has been made at the applicable rate on the estimated assessable profit for the year for each of the Group's subsidiaries. The applicable rate is principally 25% (2007: 24%, being the preferential rate for foreign investment production enterprises established in a coastal economic development zone).

7. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Interim dividend paid of HK3.5 cents (2007: HK3.6 cents) per ordinary share	**43,575**	44,820
Proposed final dividend of HK1.9 cents (2007: HK1.2 cents) per ordinary share (Note)	**23,655**	14,940
	67,230	59,760

Note: On 22 April 2009, the board of directors declared final dividend of HK1.9 cents per ordinary share. This declared dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2009.

8. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share was based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company	**143,079**	126,326
	Number of ordinary shares (thousand)	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,245,000**	1,245,000
Effect of dilutive potential ordinary shares:		
— Share options	**—**	1,298
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,245,000**	1,246,298

9. TRADE RECEIVABLES

The Group grants a credit period of 30 to 180 days to its customers. The aging analysis of the trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Below 30 days	**58,283**	55,610
30 to 90 days	**17,085**	21,829
91 to 180 days	**6,800**	27,498
Over 180 days	**2,247**	2,610
	84,415	107,547
Less: Provision for impairment	**(322)**	(1,043)
	84,093	106,504

The carrying amounts of the Group's trade receivables were principally denominated in Renminbi. The balance included bill receivables amounting to about HK$21 million (2007: HK$30 million).

Trade receivables that are impaired are past due over 12 months (2007:12 months).

10. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Below 30 days	**77,545**	40,351
30 to 90 days	**2,003**	—
91 to 180 days	**7,582**	1,562
Over 180 days	**1,885**	2,208
	89,015	44,121

OVERVIEW

Revenue of the Group increased to HK$1,360.9 million (2007 — HK$1,123.3 million), representing a notable increase of 21% for the year ended 31 December 2008 and the Group's profit attributable to equity holders of the Company increased by 13% to HK$143.1 million (2007 — HK$126.3 million).

The Company's earnings per share ("Share") reached HK11.5 cents per Share (2007 — HK10.1 cents per Share) based on the weighted average number of 1,245 million (2007 — 1,245 million) Shares in issue during the year. The exercise of share options have no material dilutive effect of earnings per share for the year ended 31 December 2008 (2007: Nil).

The increase in financial results in 2008 was mainly attributable to increase in sales volume and improvement of the gross profit margin.

FINANCIAL REVIEW

Revenue

Revenue of the Group represents proceeds from sale of wine products. Our revenue increased by 21% to approximately HK$1,360.9 million for the year ended 31 December 2008 from approximately HK$1,123.3 million in 2007. The growth in revenue was due to a satisfactory increase in sales volume, a slight increase in average ex-winery sales prices of products and impact of Renminbi appreciation.

The average ex-winery sales price of red and white wine products during the year ended 31 December 2008 was slightly higher than the average price of HK$23.0 per bottle (750ml) in 2007 as a result of increase in average ex-factory sales price of certain selected grape wine products in the second quarter of 2008. Since consumers in the PRC have a prevalent preference for red wines, the Group is able to set higher prices for its red wine products and therefore the average ex-winery sales price of the Group's red wine products are in general higher than that of the Group's white wine products.

Cost of sales

The following table sets forth the major components of our cost of sales for the year:

	2008	2007
	%	%
Cost of raw materials		
— Grapes and grape juice	**36**	38
— Yeast and additives	**3**	2
— Packaging materials	**26**	26
— Others	**1**	2
Total cost of raw materials	**66**	68
Manufacturing overheads	**13**	11
Consumption tax	**21**	21
Total cost of sales	**100**	100

The principal raw materials required by the Group in producing wine products are grapes, grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. In 2008, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 36% of the Group's total cost of sales, representing a decrease of 2% from approximately 38% in 2007, contributed by the decrease in average cost of grape and grape juice. During the year, the total cost of packaging materials to revenue was relatively stable as compared with last year.

Manufacturing overheads primarily consist of depreciation, rental of fixed assets, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses for production. Manufacturing overheads as a percentage of revenue in 2008 remained stable as compared with 2007.

Gross profit margin

Margin is calculated based on cost of sales inclusive of consumption tax and gross invoiced sales. The overall gross profit margin reached 53% in 2008, an increase of 1 percentage point from 52% in 2007 and was primarily due to lower purchase cost of grape juice as compared to that of 2007. The gross margin of red wine products and white wine products in 2008 were 54% and 43% respectively (2007 — 53% and 42% respectively). The higher gross margin of red wine products was mainly because of higher sales prices.

Other income

Other income in 2008 decreased by 38% to HK$28.7million (2007 — HK$46.6 million), mainly attributable to:

(1) Decrease in interest income as a result of the lower interest rates for bank deposits; and

(2) Decrease in government grant to HK$5.7 million (2007 — HK$15.5 million) to a subsidiary in the PRC to encourage its technology development and improvement in winemaking.

Distribution costs

Distribution costs consist primarily of advertising and market promotion expenses, transportation and delivery charges in connection with the sales of grape wine products, salaries and related personnel expenses for the sales and marketing department and other incidental expenses. During the year, distribution costs increased and accounted for approximately 33% (2007 — 30%) of the Group's revenue. In particular, advertising and market promotion expenses to the Group's revenue also increased approximately to 21% (2007 — 17%). The increase in distribution costs was primarily attributable to the increase in expenditures on advertising and promotion which were incurred to boost market demand and expand market share outside the Eastern region of the PRC.

Administrative expenses

Administrative expenses mainly comprise salaries and related personnel expenses for administrative, finance and human resources departments, exchange loss, depreciation and amortisation expense and other incidental administrative expenses.

In 2008, administrative expenses as a percentage of the Group's revenue decreased to 7% from 9% in 2007. The decrease in administrative expenses was mainly because there was no functional currency exchange loss (2007 — HK$19.5 million) as the Company changed its functional currency from RMB to Hong Kong dollars following commencement of HK dollars-based sales and marketing activities (including trading activities) coupled with other intended HK dollars transactions in 2008.

Income tax expense

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), neither the Company nor its subsidiaries incorporated in BVI is subject to tax on its income or capital gains. In addition, any payment of dividends is not subject to withholding tax under those jurisdictions.

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the enterprise income tax rate of all the subsidiaries of the Company incorporated in the PRC had changed from either 24% or 30% to 25% with effect from 1 January 2008. For the year ended 31 December 2008, the effective tax rate of the Group increased to approximately 34% (2007 — 30%), principally due to increase in PRC enterprise income tax rate and more expenses not tax deductible for the year.

Cash flow

In 2008, operating activities were the Group's main source of cash flow for the year. Cash was mainly used to pay for acquisition of plant and equipment, and dividends to shareholders during the year.

The increase in cash inflow from operating activities from HK$141.1 million in 2007 to HK$271.1 million in 2008 was mainly attributable to the increase in gross profit and the effects of the changes in working capital mainly due to the increase in trade payables, other payables and accruals.

Net cash used in investing activities was HK$101.1 million (2007 — HK$63.0 million), primarily related to the acquisition of plant and equipment pursuant to our expansion plan.

Net cash outflow in financing activities constituted primarily of payment of dividends to shareholders of approximately HK$58.5 million (2007 — HK$59.8 million).

Financial management and treasury policy

As at 31 December 2008, except for the net proceeds from the placing and public offer, the Group's revenues, expenses, assets and liabilities were substantially denominated in Renminbi ("RMB"). The Group has progressively remitted the net proceeds from Hong Kong to the PRC and converted them into RMB shortly after remittance. The remaining unremitted net proceeds from the placing and public offer in 2005 that were not used for the intended purposes have been placed on short-term deposits (denominated in US dollars or Hong Kong dollars) with authorised financial institutions in Hong Kong. The Company also pays dividends in Hong Kong dollars when dividends are declared. The Company does not implement any hedging or other derivatives against foreign exchange risk. Although the Group's operation currently would not generate any significant foreign currency exposure, we will continue to closely monitor the foreign currency movement.

With sufficient financial resources and being in a net cash position, the Group is exposed to minimal financial risk from interest rate fluctuation.

The purpose of the Group's investment policy is to monitor investments of the Group's uncommitted funds to ensure achievement of the highest practicable returns while heeding the need to preserve capital and assure liquidity.

BUSINESS REVIEW

Sales analysis

For the year ended 31 December 2008, the Group recorded a satisfactory growth in sales volume as compared with last year amid keen competition in the market. The total number of bottles of wine sold was approximately 55.1 million in 2008 (2007 — approximately 48.8 million). The major contributor of the Group's revenue was still from its red wine product sales which accounted for approximately 88% of its total revenue for the year (2007 — 91%). Dynasty Dry Red, the prototype of the Group's mass market product, continued to be the Group's best selling label accounting for approximately 35% of the Group's revenue (2007 — 36%).

We continued to expand and strengthen our nationwide and extensive distribution network, which supported our sales in all provinces and autonomous regions and four directly-administered municipalities under the central government of the PRC during the year. Huadong region (i.e. the Eastern region of the PRC), which comprises Shanghai city, Zhejiang and Jiangsu provinces remained as the Group's stronghold markets. Our sales in other regional markets, such as Tianjin city, Guangdong, Hubei and Fujian provinces etc., in the PRC also grew. Our export sales accounted for 0.2% (2007 — 0.2%) of the Group's total revenue during the year.

The Group offers a wide spectrum of over 50 products under the "Dynasty" brand to meet consumer demands mainly in the medium to high end segments in the PRC wine market. Sales of premium wine products, such as Dynasty Dry Red Wine — Aged in Oak Barrels, Dynasty Dry Red Wine — Reserve and Dynasty Premium Dry Red Wine — Aged in Oak Barrels, recorded encouraging growth during the year. The sales contribution from these products to our revenue was insignificant during the year, but we believe these products will become major growth drivers for us in the future. To sustain its growth, the Group will continue to maintain a product portfolio with high margin products, and will focus on marketing of these products.

Supplies of grapes or grape juice

Production for quality of wine products is highly dependent upon sufficient supply of quality grapes and grape juice. Currently, we have over 10 major grape juice suppliers, mainly located in Tianjin, Shandong, Hebei and Ningxia, with whom we have long term and stable relationships. To ensure we have reliable and solid supplies of quality grapes and grape juice to meet the needs of our growing business and fill our expanding production capacity, the Group continues to actively work with grape growers to enlarge their existing vineyards so as to enjoy better economies of scale and improve quality by adopting state-of-the-art techniques, and also identify new suppliers who can meet our quality requirements. For new suppliers, the quality of their grape juice will be thoroughly tested before orders are placed. Such measures will enable us to secure quality grape and grape juice supplies and lower the risk of our production being interrupted by bad harvest. The Group has also been looking into importing grape juice from overseas maintaining the same stringent quality requirements it has on suppliers in the PRC.

The average cost of grape juice in 2009 is expected to increase.

Production capacity

In 2006, the Group expanded production capacity to 50,000 tonnes (equivalent to approximately 66.7 million bottles) per annum. To continue to boost capacity, it commenced construction of new production and research and development facilities in our Tianjin winery in 2007. The construction is well in progress. Upon the completion of the new production facility, which is expected to be occured in the second half of 2009, our annual production capacity will be increased to 70,000 tonnes (equivalent to approximately 93.3 million bottles). The enlarged production capacity will enable us to promptly respond to the market demand and consolidate our market position.

Prospects

Going forward, the economy is expected to remain uncertain in 2009 affected by the looming financial crisis. However, the Group has determined to beat the challenges ahead by capitalizing its leading brand presence, comprehensive product offerings and market knowledge, and extensive distribution network in the PRC. In the advent of its 30th anniversary in 2010, the Group intends to continue to maintain leadership position in the wine market, and at the same time create value for shareholders in the next 30 years and the many more to come.

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are our most important assets and are indispensable to our success in the competitive market. We strive to ensure a strong team spirit among our employees such that they identify and contribute in unison to our corporate objectives. To this end, we offer competitive remuneration packages commensurate with industry level and provide various fringe benefits including training, medical, insurance coverage as well as retirement benefits to all employees in Hong Kong and the PRC. Employees are encouraged to enrol in external professional and technical seminars, and other training programs and courses to update their technical knowledge and skills, enhance their market awareness and improve their business acumen. The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practice and assessment of the performance of the Group and individual employees.

As at 31 December 2008, the Group employed a work force of 434 (including Directors) in Hong Kong and the PRC. The total salaries and related costs (including the Directors' fees) for the year ended 31 December 2008 amounted to approximately HK$108.8 million (2007 — HK$88.5 million).

The Company also adopted a share option scheme on 6 December 2004 for the purposes of providing incentives and rewards to eligible participants who have contributed to the success of our operations and the growth of the Group. As at 31 December 2008, 17,400,000 share options were granted and outstanding under the scheme.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents as at 31 December 2008 amounted to HK$999 million. It has strong cash position and net cash inflow from operating activities ample for satisfying the working capital requirement of business operations and capital expenditures. New investment opportunities, if any, will be funded by the Group's internal resources.

CAPITAL STRUCTURE

As at 31 December 2008, the Group had no borrowing and was in a significant net cash and liquid position, reflecting its sound capital structure. The net proceeds raised from the placing and public offer in 2005 has strengthened the Group's capital structure giving it sufficient cash to support operating and capital expenditure requirements in the foreseeable future.

The market capitalisation of the Company as at 31 December 2008 was approximately HK$1,444.2 million.

GEARING RATIO

As at 31 December 2008, the Group had no long-term debts with shareholders' fund of the Group amounted to approximately HK$1,729 million. The Group's gearing ratio, expressed as a ratio of total long-term debts to shareholders' fund, as at 31 December 2008 was nil (2007 — nil).

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGES ON ASSETS

The Group made capital expenditure commitments including approximately HK$109 million that were authorised but not contracted for and approximately HK$22 million contracted but not provided for in the financial statements as at 31 December 2008. These commitments were required mainly to support the Group's production capacity expansion. The funding of such capital commitments will be paid out of the net proceeds of the placing and public offer as stated in the prospectus dated 17 January 2005 and cash generated from operating activities.

As at 31 December 2008, the Group had no significant contingent liabilities and none of the Group's assets was pledged.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not make any other material acquisitions or disposal of subsidiaries and associated companies during the year ended 31 December 2008.

DIVIDEND

With the Group being in a solid financial position and enjoying strong cash flow from operations, the Board recommends payment of a final dividend of HK1.9 cents per Share (2007: HK1.2 cents per Share) for the financial year ended 31 December 2008. Combined with an interim dividend of HK3.5 cents per Share (2007: HK3.6 cents per Share) paid in October 2008, the total dividend payment was HK5.4 cents per Share for the full financial year. This translates into a 47% (2007: 47%) dividend payout ratio of the current year profit, in compliance with the Company's dividend policy of 30% to 50% of the net profit available for distribution to the shareholders. The final dividend will be paid on Wednesday, 17 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed from 27 May 2009 to 2 June 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final divided and to determine entitlement to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 26 May 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for directors' securities transactions (the "Model Code"). The Company has made specific enquiry of all Directors and that all the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the financial year ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

During the year, the Company has complied with the Code on Corporate Governance Practices (the "Code") except that from 23 January 2008 to 8 September 2008, the roles of chairman and chief executive officer was not separate and was performed by the same individual, Mr. Bai Zhisheng. Mr. Bai was the chairman and general manager (which is equivalent to the chief executive officer) of the Company since the decease of the late Chen Naiming, the formal general manager on 23 January 2008. In order to ensure the compliance with Code A.2.1 the Company has been locating suitable person for the position of general manager. Mr. Gao Feng was appointed as the general manager with effect from 9 September 2008. Save as disclosed above, the Directors are not aware of any information that would reasonably indicate that the Company is not in compliance with the Code of Corporate Governance Practices set out in Appendix 14 of the Listing Rules as effective during the year. The current practices will be reviewed regularly to follow the latest practices in corporate governance.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors who together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs. The audit committee has reviewed the Group's financial statements for the year ended 31 December 2008 in conjunction with the Company's auditors.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

All the financial and other related information required by Appendix 16 of the Listing Rules will be published on the website of the Company (www.dynasty-wines.com) and the Stock Exchange in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my heart-felt thanks to all our shareholders, customers, distributors, suppliers and business partners for their tireless support, and employees of the Group for their diligence and hard work in the past year.

By order of the Board
Bai Zhisheng
Chairman

Hong Kong,
22 April 2009

As at the date of this announcement, the Board of Directors comprises 1 executive director, namely, Mr. Bai Zhisheng, 7 non-executive directors, namely, Mr. Heriard-Dubreuil Francois, Mr. Hu Chengli, Mr. Zheng Daoquan, Mr. Jean-Marie Laborde, Mr. Zhang Wenlin, Mr. Wong Ching Chung and Mr. Robert Luc, and 3 independent non-executive directors, namely, Mr. Lai Ming, Joseph, Dr. Hui Ho Ming, Herbert and Mr. Chau Ka Wah, Arthur.

The figures in respect of the preliminary announcement of the Group's consolidated balance sheet, income statement and the related notes thereto for the year ended 31 December 2008 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.