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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)

Financial Advisor to the Company

Deloitte.

德勤

CONNECTED TRANSACTION

On 21 April 2006, Ho Tin, a direct wholly-owned subsidiary of the Company, and Heavenly Palace entered into the Sale and Purchase Agreement pursuant to which Ho Tin has agreed to acquire and Heavenly Palace has agreed to sell 25% equity interest of Yuma at a consideration of approximately RMB11.95 million (equivalent to approximately HK\$11.49 million).

Heavenly Palace is a wholly-owned subsidiary of Tianjin Development, which is a substantial shareholder (within the meaning ascribed to it in the Listing Rules) of the Company. Accordingly, Heavenly Palace is a connected person of the Company within the meaning of the Listing Rules and thus the Acquisition constitutes connected transaction for the Company.

Based on the amount of the consideration of the Acquisition, each of the applicable percentage ratios set out in the Listing Rules is less than 2.5%. Accordingly, the said transaction is only subject to reporting and announcement requirements and is exempt from independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date: 21 April 2006

Purchaser: Ho Tin

Vendor: Heavenly Palace

Consideration: approximately RMB11.95 million (equivalent to approximately HK\$11.49 million)

On 21 April 2006, Ho Tin, a direct wholly-owned subsidiary of the Company, and Heavenly Palace entered into the Sale and Purchase Agreement pursuant to which Ho Tin has agreed to acquire and Heavenly Palace has agreed to sell 25% equity interest of Yuma at a consideration of approximately RMB11.95 million (equivalent to approximately HK\$11.49 million).

Both parties agree that the two directors nominated by Heavenly Palace on the board of Yuma shall resign and that two persons nominated by Ho Tin shall be appointed as new directors of Yuma upon the Completion.

CONSIDERATION

The consideration of approximately RMB11.95 million (equivalent to approximately HK\$11.49 million) for the Acquisition was agreed on an arm's length basis between Ho Tin and Heavenly Palace and on normal commercial terms. The consideration is equivalent to 25% of adjusted audited net asset value of Yuma of approximately RMB47.80 million (equivalent to approximately HK\$45.96 million) as at 31 December 2005, which was with reference to the appraisal value of fixed assets owned by Yuma as at 31 December 2005, valued by Beijing Zhongkehua Certified Public Accountants Co., Ltd.*(北京中科華會計師事務所有限公司) and the declared dividend to be paid to the existing shareholders of Yuma. The Directors are of the view that the adjusted audited net asset value of Yuma as at 31 December 2005 represents the fair value of Yuma.

The consideration for the Acquisition will be funded by the Company's internal resources. Part of the consideration in the amount of approximately RMB1.20 million (equivalent to approximately HK\$1.15 million) shall be paid in cash by Ho Tin within ten (10) days from the date of the Sale and Purchase Agreement while the balance of approximately RMB10.75 million (equivalent to approximately HK\$10.34 million) shall be paid in cash within 14 days after all the conditions as set out in the Sale and Purchase Agreement are satisfied or waived.

The Directors have confirmed that Beijing Zhongkehua Certified Public Accountants Co., Ltd.*(北京中科華會計師事務所有限公司) is an independent third party, which is not connected with the respective directors, chief executives or substantial shareholders of the Company, Yuma, or any of their respective subsidiaries or respective associates.

INFORMATION ON THE GROUP AND YUMA

The Group is principally engaged in the production and sale of grape wine products under the Group's trademarks in the PRC and is one of the leading grape wine producers in the PRC. The Company is indirectly owned as to 44.82% by Tianjin Development and has no shareholding in Yuma as at the date of the Sale and Purchase Agreement and will not have any shareholding in Yuma before the Completion. Upon Completion, the Company will have an indirect interest in the 25% equity interest in Yuma.

Yuma is a Sino-foreign joint venture established in the PRC on 22 September 2002 with limited liability and the registered capital of Yuma is RMB40 million, which is contributed as to 25% (being RMB10 million) by Heavenly Palace and as to the remaining 75% by Ningxia Yuma Winery Co., Ltd. in 2002. It is principally engaged in the production and sale of grape juices, grape wine, fruit juice and fruit wine. The audited turnover of Yuma for the two years ended 31 December 2005 were approximately RMB31,467,000 and RMB29,880,000 respectively. The audited net profit before and after taxation of Yuma for the year ended 31 December 2004 were approximately RMB5,287,000 and RMB5,287,000 respectively. The audited net profit before and after taxation of Yuma for the year ended 31 December 2005 were approximately RMB241,000 and RMB157,000 respectively.

REASON FOR THE ACQUISITION

Yuma is currently one of the principal suppliers of grape juice, which is one of the principal raw materials for the production of the Group's products, of the Company. Upon Completion, Yuma will become an associated company to the Company. It is expected that the Acquisition will attribute to the future success of the Group as it will enable the Group to acquire a portion of stake in its principal supplier and to further rationalise the business structure by integration of the production process of its wine products, through which the Company will secure stable and high quality supply of grape juice. The Directors are of the view that the Acquisition is beneficial to the Company in bringing value appreciation of the wine business of the Group and ultimately better return to the Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement is fair and reasonable and in the interests of the Shareholders as whole.

LISTING RULES IMPLICATIONS

Heavenly Palace is a wholly-owned subsidiary of Tianjin Development, which is a substantial shareholder (within the meaning ascribed to it in the Listing Rules) of the Company. Accordingly, Heavenly Palace is a connected person of the Company within the meaning of the Listing Rules and thus the Acquisition constitutes connected transaction for the Company.

Based on the amount of the consideration of the Acquisition, each of the applicable percentage ratios set out in the Listing Rules is less than 2.5%. Accordingly, the said transaction is only subject to reporting and announcement requirements and is exempt from independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 25% equity interest in Yuma from Heavenly Palace
“Associate(s)”	shall have the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 29 July 2004 and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Heavenly Palace”	Tianjin Heavenly Palace Winery Co., Ltd.*(天津天宮葡萄釀酒有限公司), formerly a state-owned enterprise known as Tianjin City Heavenly Palace Company* (天津市天宮葡萄釀酒公司). It was later reorganised as a wholly-owned foreign enterprise pursuant to the reorganisation of Tianjin Development for a term of 50 years commencing on 25 October 1997 and is a wholly-owned subsidiary of Tianjin Development
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Ho Tin”	Ho Tin International Co., Ltd., a company established in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange, as amended from time to time

“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional share sale and purchase agreement dated 21 April 2006 entered into between Ho Tin and Heavenly Palace in relation to the Acquisition
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Development”	Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability on 9 May 1997 and listed on the main board of the Stock Exchange (stock code: 882) and is a shareholder of the Company
“Yuma”	Ning Xia Heavenly Palace Yuma Winery Co., Ltd.* (寧夏天宮御馬葡萄酒有限公司), a company established in the PRC on 22 September 2002 with limited liability, which is owned as to 25% by Heavenly Palace and 75% by Ningxia Yuma Winery Co., Ltd, an independent third party to the Company, prior to Completion
“%”	per cent

For the purpose of illustration only, the exchange rate between RMB and HK\$ at RMB1.04 to HK\$1.00 is used. It does not constitute a representation that any amounts were or may have been exchanged at this or another rates or at all.

As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. Bai Zhisheng, Mr. Nie Jiansheng and Mr. Chen Naiming, 6 non-executive Directors, namely Mr. Heriard Dubreuil Francois, Mr. Wang Guanghao, Mr. Cheung Wai Ying, Benny, Mr. Zhang Wenlin, Mr. Wong Ching Chung and Mr. Robert Luc, and 3 independent non-executive Directors, namely, Mr. Lai Ming, Joseph, Mr. Hui Ho Ming, Herbert, and Mr. Chau Ka Wah, Arthur.

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

Hong Kong, 21 April 2006

* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard.