



## 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

The Board wishes to inform the shareholders of the Company and investors that due to the increase in distribution costs, the Group's results for the year ended 31 December 2006 are expected to be affected.

**Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of Directors (the "Board") of Dynasty Fine Wines Group Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform the shareholders of the Company and investors that the Group's results for the year ended 31 December 2006 are expected to be affected due to the increase in distribution costs in the second half year of 2006.

The Group is principally engaged in the manufacturing and selling of wine products. As stated in the 2006 interim report of the Company, in the first half year of 2006, the Group increased its spending in advertising and promotion to maintain its market position, to expand its market share outside eastern China and to facilitate the launch of new products, resulting from which the profit attributable to equity holders of the Company decreased by approximately 29.6% as compared to the corresponding period in 2005. Due to intense market competition, the distribution costs has increased and its attributable percentage to sales of the Group in the second half is expected to be higher than that of the first half of 2006. As a result, the Group's results for the financial year ended 31 December 2006 is expected to be affected.

The Board considers that the overall operations of the Group as a whole remain sound and intact; and the financial position of the Group remains solid. With a view to improving the Group's operational efficiency in the long run, the Board has implemented measures to effectively monitor and control the increase in the distribution costs.

As the Group's consolidated results for the year ended 31 December 2006 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 final results for the year ended 31 December 2006.

**Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Bai Zhisheng**  
*Chairman*

Hong Kong, 9 March 2007

*As at the date of this announcement, the Board of Directors 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.*

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