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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)**

**CONNECTED TRANSACTIONS**

Pursuant to the Oak Barrel Purchase Contracts, Dynasty Winery, an indirect wholly-owned subsidiary of the Company, has agreed to purchase certain oak barrels from the Vendors at a total consideration of Euro 271,860 and US\$123,200 (totalling equivalent to approximately HK\$3,619,028).

The Vendors are wholly-owned subsidiaries of Oeneo, an associate (within the meaning ascribed to it in the Listing Rules) of Andromede, which is a substantial shareholder (within the meaning ascribed to it in the Listing Rules) of the Company. Accordingly, the Vendors are connected persons of the Company within the meaning of the Listing Rules and the Purchases therefore constitute connected transactions of the Company. Pursuant to Rule 14A.25 of the Listing Rules, the purchases pursuant to each of the Oak Barrel Purchase Contracts are aggregated. Such aggregation would result in each of the applicable ratios for the Purchases being less than 2.5%. Accordingly, the Purchases are only subject to reporting and announcement requirements and are exempt from independent shareholders' approval requirements under the Listing Rules. Details of the Purchases will be included in the next published annual report and financial statements of the Company.

**OAK BARREL PURCHASE CONTRACT — 1**

Date : 25 February 2009  
Purchaser : Dynasty Winery  
Vendor : Tonnellerie Radoux, principally engages in manufacturing of barrels for winemaking, is a company incorporated in France and a wholly-owned subsidiary of Oeneo  
Consideration : Euro 162,060 (equivalent to approximately HK\$1,588,188)

## **OAK BARREL PURCHASE CONTRACT — 2**

Date : 25 February 2009  
Purchaser : Dynasty Winery  
Vendor : Tonnellerie Seguin Moreau, principally engages in manufacturing of barrels for winemaking, is a company incorporated in France and a wholly-owned subsidiary of Oeneo  
Consideration : Euro 109,800 (equivalent to approximately HK\$1,076,040)

## **OAK BARREL PURCHASE CONTRACT — 3**

Date : 25 February 2009  
Purchaser : Dynasty Winery  
Vendor : Seguin Moreau Napa Cooperage, principally engages in manufacturing of barrels for winemaking, is a company incorporated in the United States of America and a wholly-owned subsidiary of Oeneo  
Consideration : US\$123,200 (equivalent to approximately HK\$954,800)

Pursuant to the Oak Barrel Purchase Contracts, particulars of which are described above, Dynasty Winery, an indirect wholly-owned subsidiary of the Company, has agreed to purchase and the Vendors have agreed to sell the Oak Barrels.

The Oak Barrel Purchase Contracts are not inter-conditional.

## **CONSIDERATION**

The total consideration of Euro 271,860 and US\$123,200 (totalling equivalent to approximately HK\$3,619,028) for the Purchases were agreed on an arm's length basis between Dynasty Winery and the Vendors and on normal commercial terms which are no less favourable than those offered by the Vendors to independent third parties. In determining the consideration, the Group has reviewed the terms of sales of similar quality of oak barrels by the Vendors to independent third parties and considered that the terms are substantially comparable as those applicable to Dynasty Winery's purchases of Oak Barrels from the Vendors.

The consideration for the Purchases will be funded by the Group's internal resources. The total consideration shall be paid by irrevocable letters of credit after 60 days from the date of bill of lading.

## **REASON FOR THE PURCHASES**

Dynasty Winery is principally engaged in production and sale of grape wine products. It is expected the production capacity per annum will be expanded from 50,000 tonnes per annum in 2008 to 70,000 tonnes per annum in 2009. As part of and incidental to the carrying out of its principal business and in order to enhance the utilisation of its production capacity and to increase the production volume of premium wine products, which depends, inter alia, on its ageing in high quality barrels, the Board consider Dynasty Winery needs to purchase high quality Oak Barrels. Given that, apart from offering

competitive prices, the Vendors are able to deliver high quality oak barrels to the Company which is in line with the Group's strategy of selling premium wine products and its focus on medium and high end segments, the Directors consider that it would be in the interest of the Group to source oak barrels from the Vendors.

The Directors (including the independent non-executive directors) believe that it is beneficial to the Group to enter into the Oak Barrel Purchase Contracts and consider the terms of the Purchases including, inter alia, the consideration and the terms of payment under the Purchases to be fair and reasonable, on normal commercial terms and in the interests of the shareholders of the Company as a whole.

## **CONNECTED TRANSACTIONS**

The Vendors are wholly-owned subsidiaries of Oeneo, which is owned as to approximately 38.4% by Andromede. Andromede is a substantial shareholder of the Company. Accordingly, the Vendors are associates (within the meaning ascribed to it in the Listing Rules) of Andromede, and are connected persons of the Company within the meaning of the Listing Rules. The Purchases therefore constitute connected transactions of the Company. Pursuant to Rule 14A.25 of the Listing Rules, the purchases pursuant to each of the Oak Barrel Purchase Contracts are aggregated. Such aggregation would result in each of the applicable ratios being less than 2.5%, the Purchases are therefore classified as connected transactions of the Company under Rule 14A.32 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rule 14A.45 to 14A.47 of the Listing Rules but are exempt from independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules. Details of the Purchases will be included in the next published annual report and financial statements of the Company.

## **DEFINITIONS:**

“Andromede”	Andromede S.A., a company incorporated in France with limited liability, is a substantial shareholder of the Company;
“Board”	the board of directors of the Company;
“Company”	Dynasty Fine Wines Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Dynasty Winery”	Sino-French Joint-Venture Dynasty Winery Ltd.* (中法合營王朝葡萄酒有限公司), a wholly owned foreign enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Euro”	Euros, the lawful currency of European Union;

“Group”	the Company and its subsidiaries, their principal activities are investment holding, production and sale of grape wine products;
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Oak Barrels”	792 units of oak barrels with volume of 225 litres which were specifically described in the Oak Barrel Purchase Contracts;
“Oak Barrel Purchase Contracts”	the three contracts dated 25 February 2009 entered into between Dynasty Winery as the purchaser and Tonnellerie Radoux, Tonnellerie Seguin Moreau and Seguin Moreau Napa Cooperage as the respective vendor in relation to the purchase of Oak Barrels;
“Oeneo”	Oeneo S.A., a holding company incorporated in France with limited liability, is listed on the Euronext Stock Exchange (stock code: SBT). Oeneo S.A. is an associate (within the meaning ascribed to it in the Listing Rules) of Andromede. The principal activities of Oeneo S.A. and its subsidiaries are manufacturing of high quality barrels for winemaking and production of new technology wine corks preventing wines to suffer from cork related issues;
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region and Taiwan;
“Purchases”	the purchases by Dynasty Winery from the Vendors of the Oak Barrels pursuant to the Oak Barrel Purchase Contracts;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendors”	Tonnellerie Radoux, Tonnellerie Seguin Moreau and Seguin Moreau Napa Cooperage; and
“%”	per cent.

\* *for identification purpose only*

For the purpose of illustration only, the exchange rates between Euro and HK\$ at Euro 1.00 to HK\$9.80 and US\$ and HK\$ at US\$1.00 to HK\$7.75 are used respectively. 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 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.*

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

Hong Kong, 25 February 2009