



Dynasty Fine Wines Group Limited
王朝酒業集團有限公司



Corporate Presentation

2009 Annual Results
March 2010

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- ☞ **Mr. Bai Zhisheng**
Chairman & Executive Director
- ☞ **Mr. Francois Heriard-Dubreuil**
Vice Chairman & Non-executive Director
- ☞ **Mr. Gao Feng**
Executive Director & General Manager
- ☞ **Mr. Huang Yaqiang**
Executive Director
- ☞ **Mr. Yeung Chu Tat, Rex**
Financial Controller & Company Secretary



China's premier winemaker DYNASTY celebrates 5th year listing on HKEX and its 30th anniversary



- Financial Highlights
- Business Review
- Growth Strategies
- Prospects





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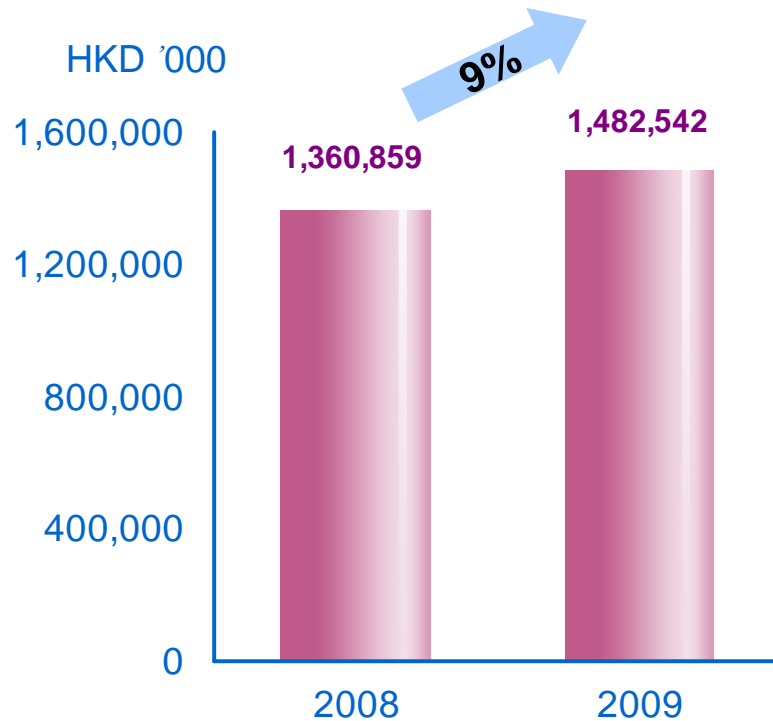
Financial Highlights

HKD '000	2009	2008	% change
Revenue	1,482,542	1,360,859	+9%
Gross profit	755,501	721,711	+5%
Profit attributable to equity holders	156,122	143,079	+9%
Basic earnings per share (HKD)*	0.125	0.115	+9%
Gross profit margin	51%	53%	-2ppt
Net profit margin	11%	11%	-

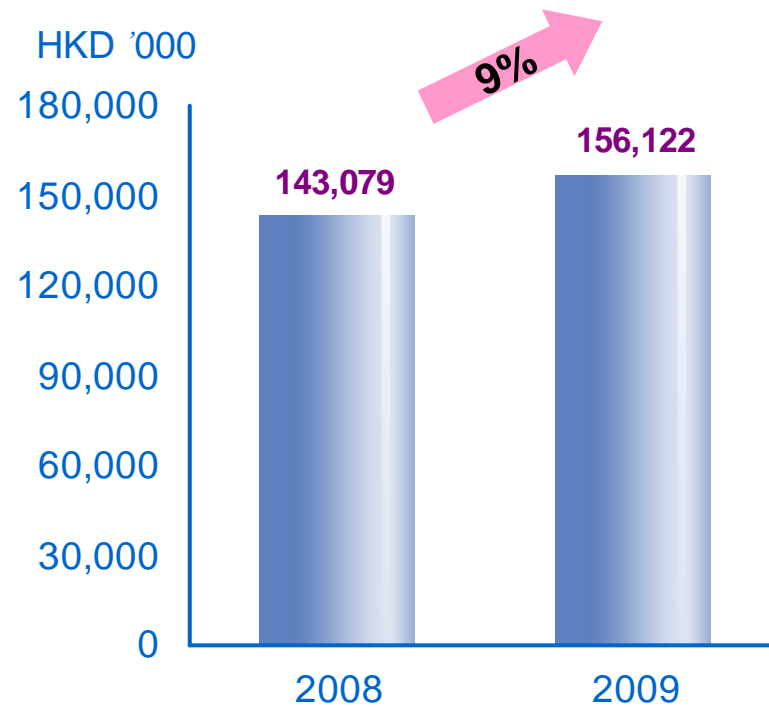
☞ Proposed Final dividend for 2009 is 3.1 HK cents per share



Revenue



Net Profit



- ☞ The increase of revenue was due to an increase in sales volume and average ex-winery sales prices, and impact of RMB appreciation
- ☞ The increase in profit was mainly attributable to the growth in sales volume and the effective control of distribution costs



<u>Breakdown of Cost of Sales</u>	2009	2008
	%	%
Cost of raw materials	70	66
● Grapes and grape juice	41	36
● Yeast and additives	2	3
● Packaging materials	26	26
● Others	1	1
Manufacturing overheads	12	13
Consumption tax	18	21
Total cost of sales	100	100

- ⌘ Higher cost of grape juice and increase in sales of white wine lower the profit margin of 2009 to 51%(2008: 53%)
- ⌘ Red wines have higher gross margin (2009: 53%; 2008: 54%) and selling price than white wines

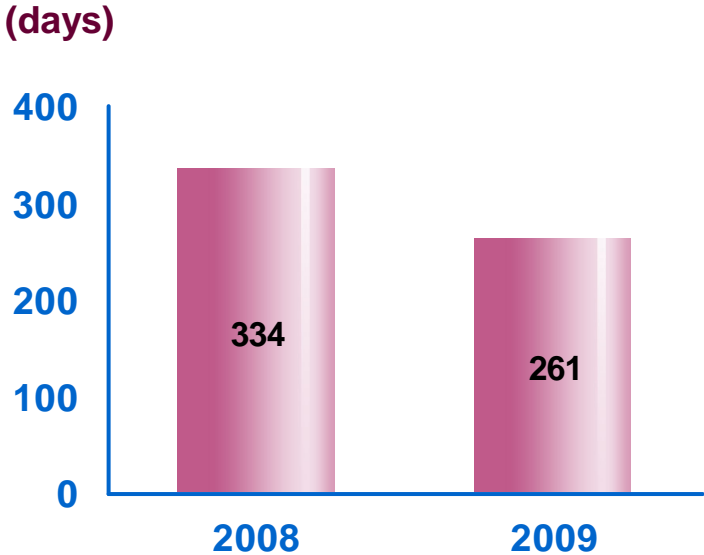


	2009 %	2008 %	pp change
Revenue	100	100	-
Cost of sales	(49)	(47)	+2
<i>Gross profit margin</i>	51	53	-2
Distribution costs	(32)	(33)	-1
Administrative expenses	(7)	(7)	-
Others	(1)	(2)	+1
<i>Net profit margin</i>	11	11	-

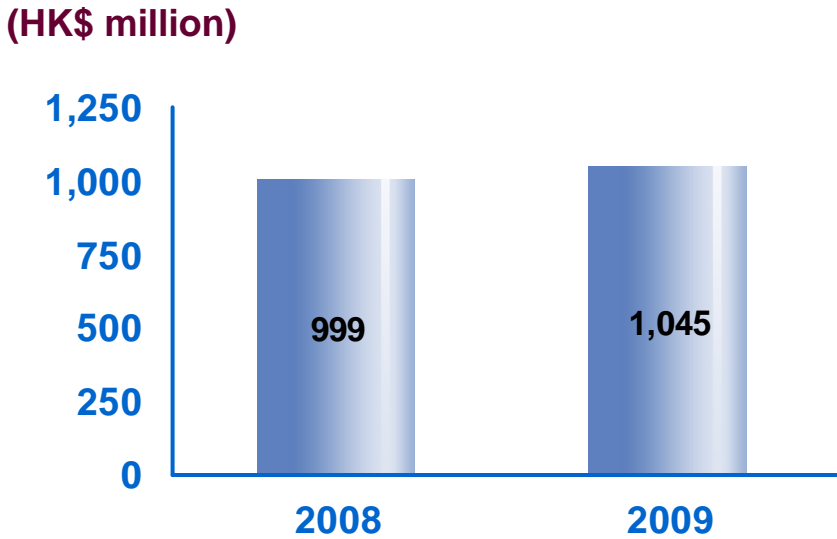
- Higher average cost of grape and grape juice increased the cost of sales in 2009
- Decrease in distribution costs was mainly attributable to the decrease in advertising and promotion expenses (2009: 20%; 2008: 21%) and effective management in monitoring and controlling sales and marketing expenses
- The net profit margin remained steady due to effective control of distribution costs and administrative expenses



Inventories Turnover



Cash & Bank balances

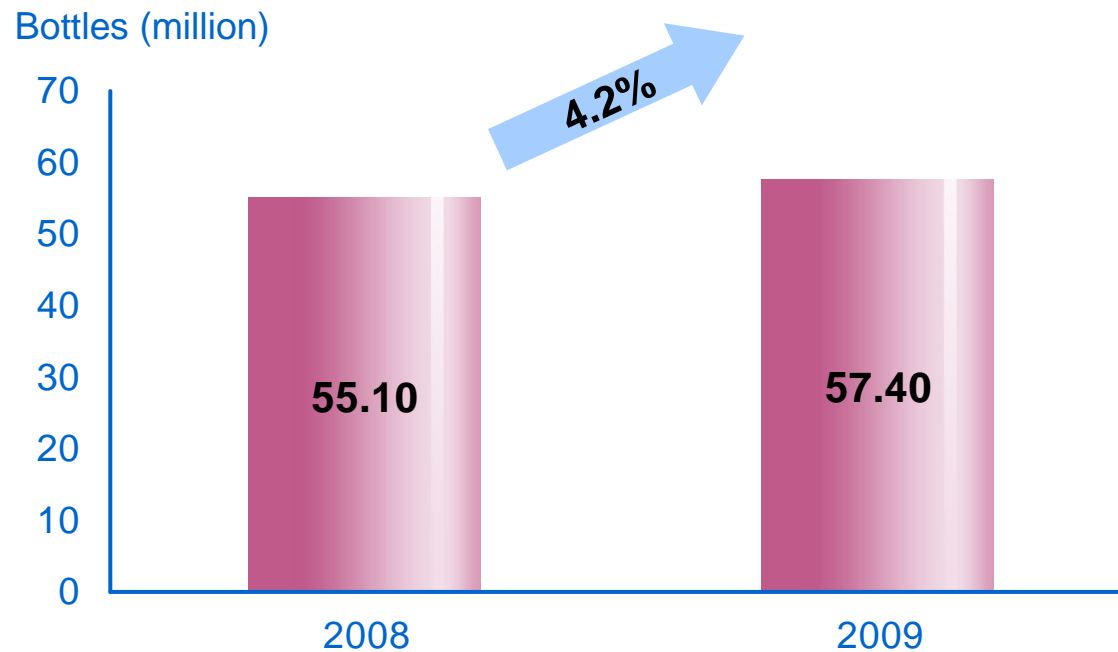




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Business Review

Total number of bottles of wine sold



- Red wine sales remained as the principal source of revenue, representing 83% of the Group's total revenue
- Dynasty Dry Red continued to be the best seller, contributing 33% of the total revenue
- Average ex-winery sales price was slightly higher than 2008's HK\$24.7 per bottle (750ml)





Nationwide sales network covering all provinces, autonomous regions and 4 directly administered municipalities

- Domestic market remained as the primary focus
- Huadong region (ie Eastern region of the PRC), comprising Shanghai city, Zhejiang and Jiangsu provinces remained as our main markets
- Sales in other regional markets, such as Beijing and Tianjin cities, Anhui and Fujian provinces, etc. also grew



Explore new sales channels and develop new customer base

- ❧ Tianjin Dynasty Winery Sales Co., Ltd to oversee sales and marketing activities in PRC market
- ❧ Import premium wines from Europe and sell to a niche market
- ❧ **Dynasty Club** to cater for top-tier customers
- ❧ **Dynasty Retail Shop** for mass market to enhance reputation and prestigious image



Dynasty Club in Shanghai



Address:

**273 Heng Shan Road,
Xu Hui District, Shanghai**



Dynasty Retail Shop in Shanghai



Address:

**61A Beijing West Road,
Huangpu District, Shanghai**



Secure stable and high quality supply of grape juice

- ☞ Have over 10 major grape juice supplies with long-term stable relationships
- ☞ Continue to help and work with partner grape growers to enlarge their vineyards for better economies of scale and state-of-the-art
- ☞ Continue to identify new suppliers to grow business and fill expanding production capacity*
- ☞ Import grape juice from overseas when necessary

***Further expand to 70,000 tonnes (equivalent to approximately 93.3 million bottles) by the 2H 2010**



**Dynasty title sponsored 10th Chinese Food Festival
Famed chef and gourmet Hugo Leung graced the event**





**The Credible Enterprise
of China Accreditation
2010-2012 by China
Enterprise Reputation
and Credibility
Association (Overseas)**

THE Asset

**2nd runner-up in the
food and beverages
industry category of
The Most Promising
Companies in China
Awards 2009
organized by the
international finance
magazine, The Asset**

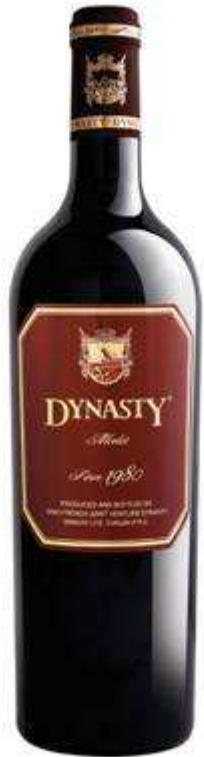




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Growth Strategies

Strive to further upgrade product mix and extend product portfolio



**Dynasty
Merlot Dry Red Wine
Reserve**



**Dynasty
Sparkling Wine**



**Dynasty Fine
Brandy X.O**



**Dynasty
Chardonnay
Reserve 2006**



**Dynasty
5-star Icwine
Reserve**



Dynasty Chateau - To be opened in 2H 2010



Increase
production
capacity

Effectively control
costs and
enhance margins

Appointing
overseas
distributors

Participate in world
class wine fair and
international exhibition



Gear towards high end
product portfolio

Strengthen and expand
distribution network and
customer base

Continued efforts on sales
and marketing to expand
market penetration

Seek acquisition
opportunities to bring
synergies to business





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Prospects

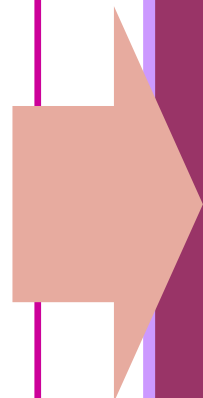
Market opportunities

Rising per capital disposable income

Increasing health consciousness and popularity of drinking wine

Rising demand on premium wine products in China

Customer's favor towards local brands



Initiatives for seizing opportunities

- Expanding nationwide distribution network
- Shifting product mix towards higher end products
- Improving product development and quality control system
- Enhancement of quality supply of grape juice
- Refining brand and marketing strategies to enhance brand image and market position





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China's Premier Winemaker