



Dynasty Fine Wines Group Limited

Corporate Presentation



Dynasty Fine Wines Group Limited

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Financial Highlights



Dynasty Fine Wines Group Limited



Dynasty Fine Wines Group Limited

Financial results

RMB '000	2004	2003	% change
Turnover	852,907	708,571	+ 20.4%
Gross Profit	452,546	360,904	+ 25.4%
<i>Gross Profit Margin</i>	53.1%	50.9%	+ 2.2 pp
Profit attributable to shareholders	175,913	124,393	+ 41.4%
<i>Net Profit Margin</i>	20.6%	17.6%	+ 3.0 pp
Earnings Per Share (RMB)			
- Basic	0.20	0.14	+ 42.9%

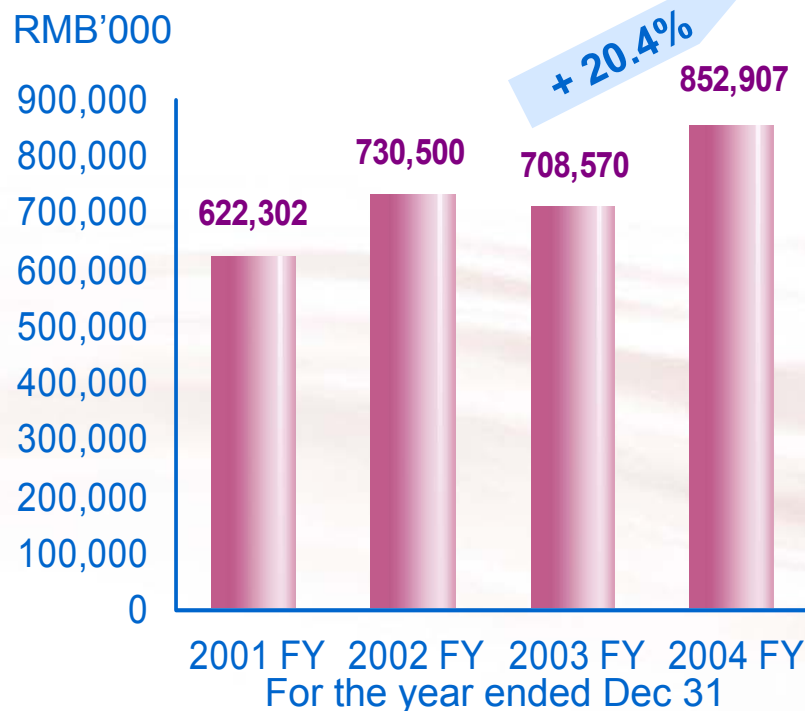
(on a pro forma basis as if 900,000,000 shares were outstanding since 1 January 2003)

For the year ended Dec 31

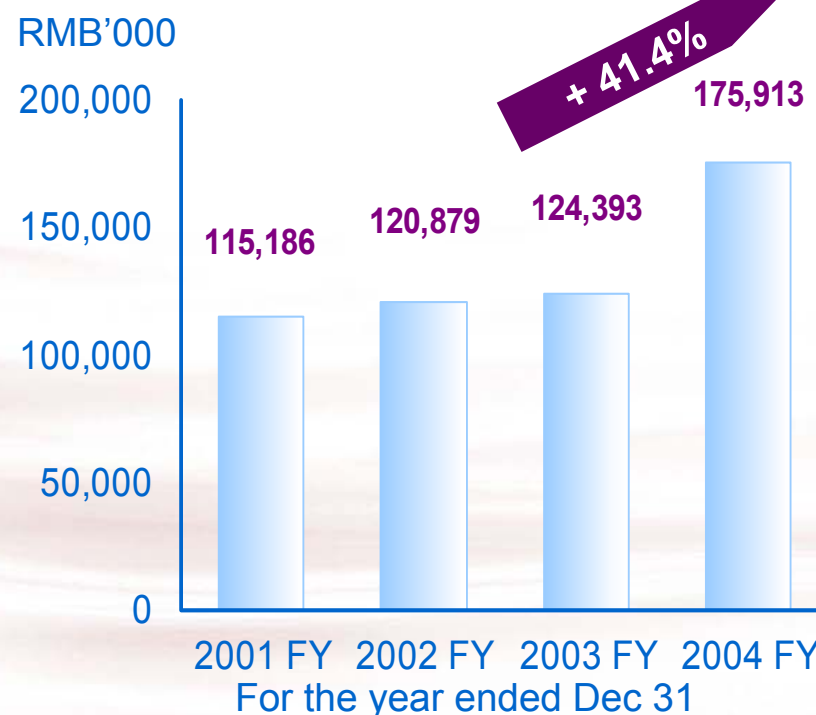


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Turnover



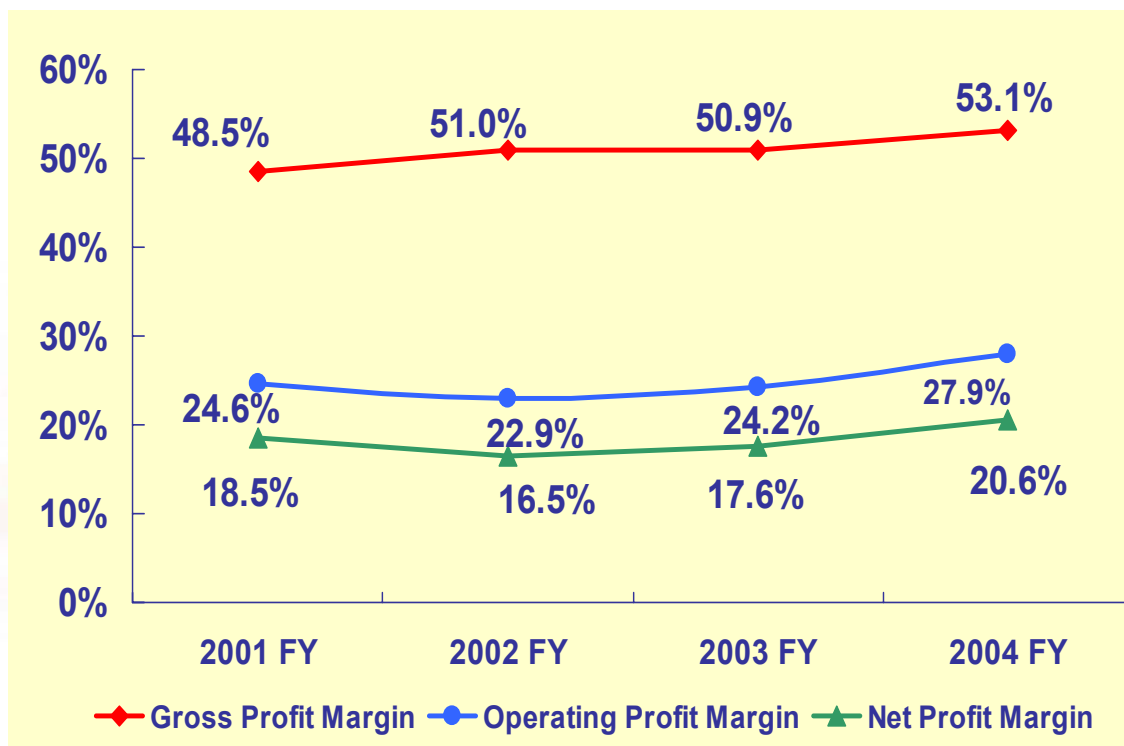
Net Profit



- Net profit achieved even higher growth than that of turnover
- Net profit amounted to RMB175.9 million, exceeding the profit forecast of RMB175 million
- Over the years, both turnover and profit achieved growth except 2003, of which turnover was adversely affected by SARS



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Breakdown of Cost of Sales

	2004 %	2003 %
Cost of raw materials		
• Grapes and grape juice	35.8	39.6
• Yeast and additives	1.9	1.7
• Packaging materials	26.2	24.6
• Others	1.5	1.7
Total cost of raw materials	65.4	67.6
Manufacturing overheads	13.3	12.1
Consumption Tax	21.3	20.3
Total cost of sales	100.0	100.0

- Enhanced product mix by increasing the sales of red wines, as red wine products have higher gross margin and selling prices (gross profit margin -red wine products: 53.9% ; white wine products: 40.1%)
- Abundant grape supplies at lowered price contributed to the decrease of average cost of grape juice from RMB4,900 per tonne in 2003 to RMB4,400 per tonne in 2004
- Higher net profit margin was attributable to effective cost control

As at and for the year ended 31 Dec 2004

	2004	2003
Gearing ratio (debt less cash and cash equivalents)	Net cash	Net cash
Return on average equity	37.5%	26.5%
Inventory turnover (days)	288	267
Debtor's turnover (days)	48	45
Creditor's turnover (days)	55	50

Business Analysis



Dynasty Fine Wines Group Limited

☞ Dynasty produces over 50 wines products in 4 main categories

Principal Products

Red Wine



- Dynasty Dry Red Wine
- Dynasty Dry Rose Wine

White Wine



- Dynasty Medium Dry White Wine
- Dynasty Extra Dry White Wine

Sparkling



- Dynasty Sparkling Wine (Second Fermentation in bottle)

Brandy



- Dynasty V.S.O.P. Brandy
- Dynasty X.O. Brandy

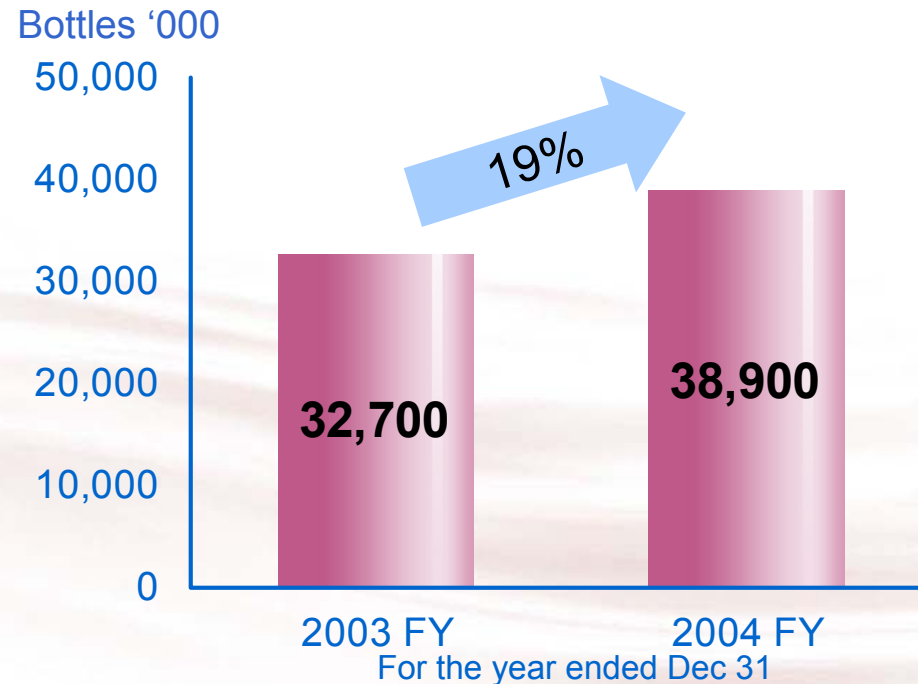
Products Awards





Dynasty Fine Wines Group Limited

Total number of bottles of wine sold



- ☞ Red wine sales remained as the principal source of turnover, representing 93.9% of total turnover.
- ☞ Dynasty Dry Red continued to be the best selling wine product for 2004, contributing 50.3% of total turnover
- ☞ Average selling price remained relatively stable



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Increase sales of premium wines

- Despite insignificant share of the mentioned premium products in the year under review, their demand is increasing
- When grape wine market becomes more mature, demand of higher end products will increase and will become an important sources of future growth



Dynasty Dry
White Wine

7-year Reserve

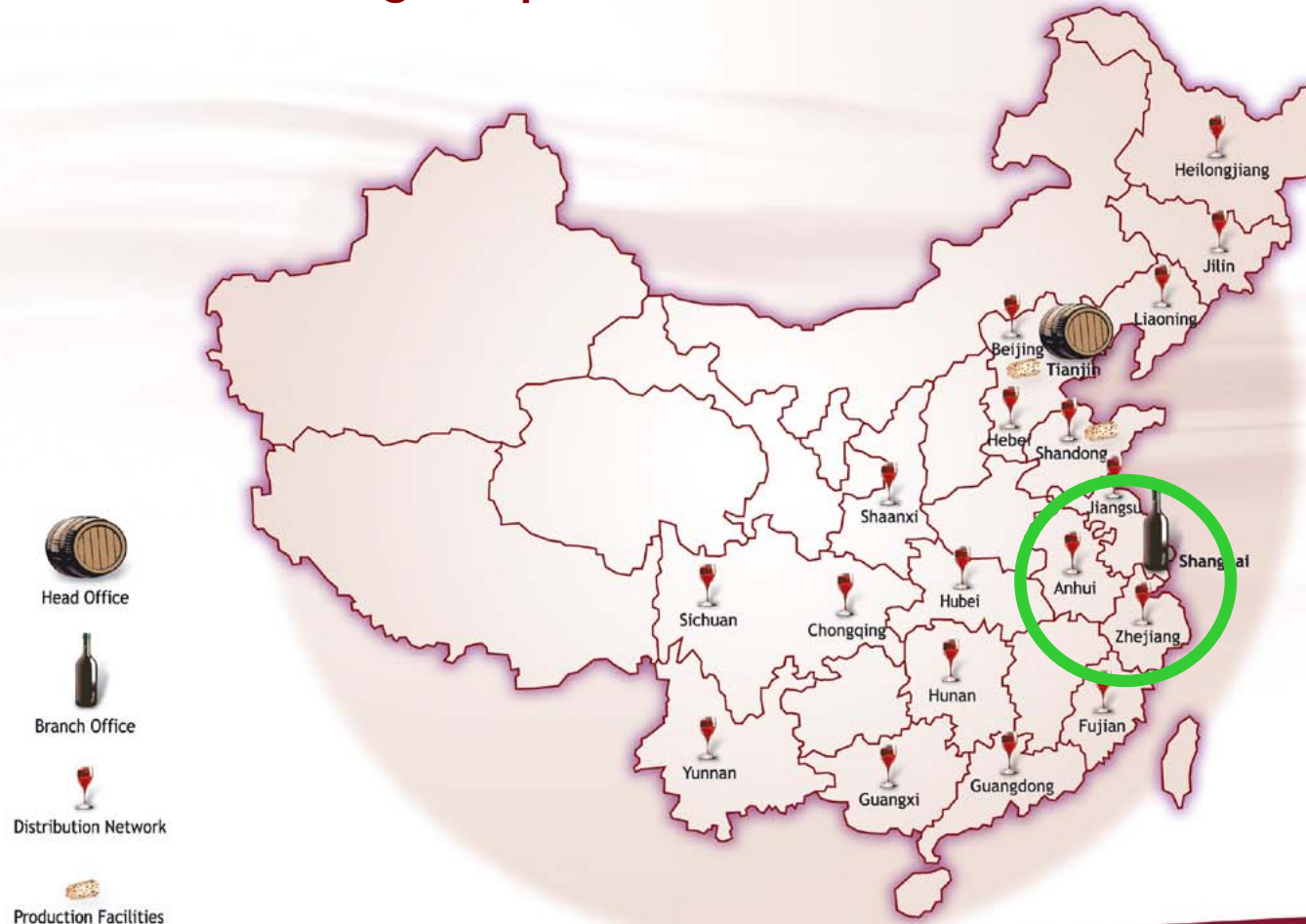


Dynasty Dry
Red Wine
7-year Reserve



Dynasty Dry Red
Wine aged in
Oak Barrels

- ❧ Retain the best selling position in Shanghai, Zhejiang and Jiangsu (Eastern region)
- ❧ Enhance marketing and promotion efforts in other coastal provinces



Nationwide sales network with over 200 distributors, covering 16 provinces and 4 municipalities



- ❧ A Board Meeting was held on 27 Jan 2005 whereby decisions were made regarding the implementation of the investment plans as disclosed in the Prospectus and share options were granted to management
- ❧ The acquisition of 60% of Tianyang has been completed
- ❧ The board has formally approved the HK\$200 million project which will be used to expand the production capacity from current 30,000 tons per year to 50,000 tons per year in the existing Tianjin winery



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*100% subsidiary of Remy Cointreau, a listed company in Paris

The acquisition of 60% stake of Smiling East Resources Ltd was completed on 23 February 2005 at HK\$47 million (RMB49.8 million)

- Has better control of the production of grape juice, which is the important ingredient of wine
- The acquisition will further reinforce our effective cost structure

Growth Strategies



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- Successfully listed on Main Board of the Stock Exchange of Hong Kong on 26 January 2005
- Issued a total of 345,000,000 new shares (included over-allotment option)
- Gross proceeds raised from the placing and public offer = HK\$776 Million

Expansion of existing production facilities	HK\$200 million
Construction of new production facilities	HK\$160 million
Expansion of sales and distribution network by expanding sales force and marketing activities in China	HK\$20 million
Acquisition of 60% of an unprocessed wine producer	HK\$47 million
Working capital / possible acquisitions	balance
Total	HK\$776 million

Increase production capacity

Step 1:

Increase production capacity
from 30,000 tons to
50,000 tons by mid-2006



Step 2:

Further increase capacity
from 50,000 tons to
70,000 tons by 2008

By acquiring more land for building
production facilities and machineries and
constructing more wine cellars



☞ Seek acquisition opportunities

- ☞ Seek acquisition opportunities in grape juice producers and regional brands

☞ Sales and marketing

- ☞ Further strengthen our nationwide distribution network

- ☞ Explore new regional markets in Northeast and Northwest region in China

- ☞ Further enhance our market position in the high-end wine market

☞ Secure quality grape supply

☞ Maintain our prominent position in the R&D of wine products



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2005 Outlook



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- ☞ Capacity expansion in progress and management aims at earlier completion
- ☞ Margin is expected to remain stable despite an expected slight increase in cost of grapes
- ☞ 60%-70% of the HK\$200 million expansion will be spent in 2005
- ☞ Increase investment in advertising and promotion but percentage in total sales will remain stable
- ☞ Strengthen sales and marketing effort
- ☞ Eye on potential acquisitions

Significant market potential

Strong shareholder base

Recognized and leading brand name

Nationwide distribution network

Quality & diversified product mix



To be China's
Leading Premier Grape Wine Producer

**DYNASTY**
Since 1980

Dynasty Fine Wines Group Limited