



Dynasty Fine Wines Group Limited

A large, stylized image of a wine glass filled with red wine, overlaid on a background of a vineyard with green and yellow foliage. The glass is in the foreground, and the vineyard is in the background. The text 'Corporate Presentation' is overlaid on the vineyard background.

Corporate Presentation

2008 Interim Results



Dynasty Fine Wines Group Limited

Management Team

☞ **Mr. Bai Zhisheng**

Executive Director & Chairman

☞ **Mr. Francois Heriard-Dubreuil**

Non-Executive Director & Vice Chairman

☞ **Mr. Gao Feng**

General Manager

☞ **Mr. Yeung Chi Tat, Rex**

Financial Controller



Dynasty Fine Wines Group Limited

❧ Financial Highlights

❧ Business Review

❧ Growth Strategies

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Financial Highlights



Dynasty Fine Wines Group Limited

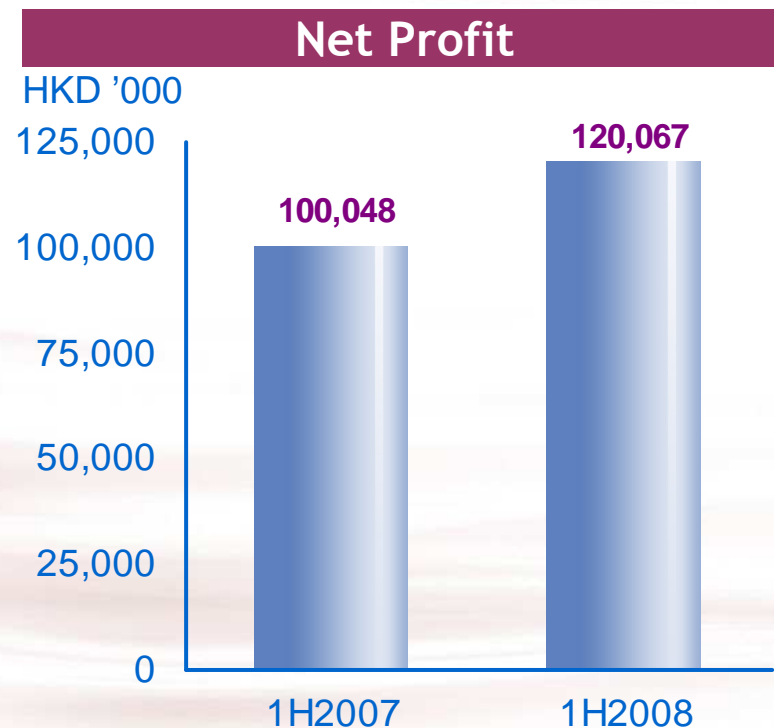
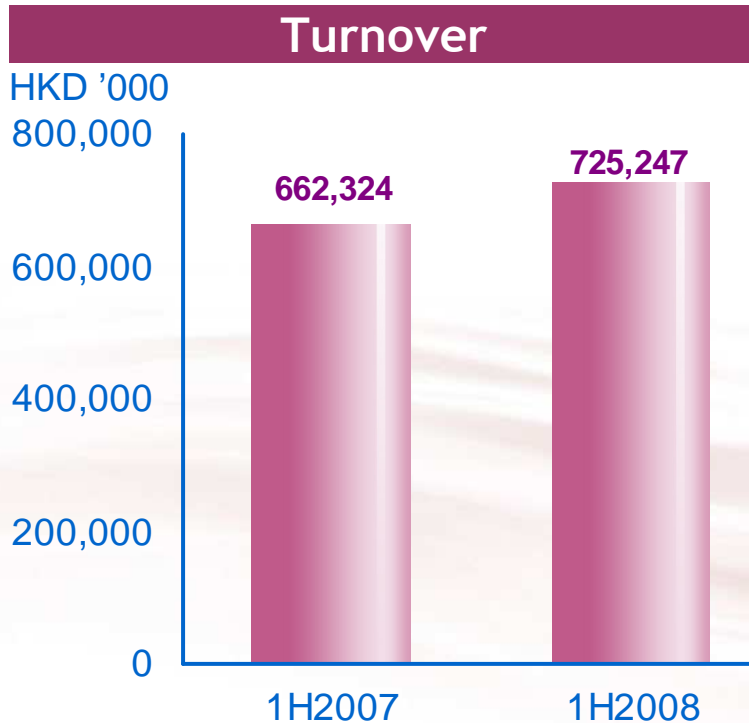


Dynasty Fine Wines Group Limited

Financial results

HKD '000 (Unaudited)	1H2008	1H2007	% change
Turnover	725,247	662,324	+ 10%
Gross profit	387,270	337,426	+ 15%
Profit attributable to equity holders	120,067	100,048	+ 20%
Cash inflow from operating activities	176,250	148,733	+ 19%
Basic earnings per share (HKD)*	0.096	0.08	+ 20%
<i>Gross profit margin</i>	<i>53.4%</i>	<i>50.9%</i>	<i>+ 2.5pp</i>
<i>Net profit margin</i>	<i>16.6%</i>	<i>15.1%</i>	<i>+ 1.5pp</i>

☞ Proposed interim dividend for 1H 2008 is 3.5 HK cents per share



- ✎ The growth in turnover was due to impact of Renminbi appreciation, and a slight increase in sales volume and average ex-winery sales price of products
- ✎ Keen competition in the market and Sichuan earthquakes and floodings in Southern China affected the consumption sentiment, making the sales volume grew only slightly in the period
- ✎ Net profit increased as a result of improvement of the gross profit margin and stringent cost control measures applied

Breakdown of Cost of Sales

	1H2008	1H2007
	%	%
Cost of raw materials		
• Grapes and grape juice	36	38
• Yeast and additives	2	2
• Packaging materials	27	26
• Others	2	2
Total cost of raw materials	67	68
Manufacturing overheads	12	12
Consumption tax	21	20
Total cost of sales	100	100

- ☞ Gross profit margin of 1H2008 improved to 53.4% (1H2007: 50.9%) due to lower cost of grape juice
- ☞ Red wines have higher gross margin (1H2008: 54.7%; 1H2007: 51.6%) and selling price

	1H2008 %	1H2007 %	pp change
Turnover	100	100	-
Cost of sales	(46.6)	(49.1)	- 2.5
Gross profit	53.4	50.9	+ 2.5
Distribution costs	(26.8)	(25.4)	+ 1.4
General & administrative expenses	(6.1)	(7.4)	- 1.3
Others	(3.9)	(3.0)	+ 0.9
Net profit	16.6	15.1	+ 1.5

- Lowered average cost of grape and grape juice reduced the cost of sales during the review period
- Increase in distribution expense was mainly attributable to the increase in advertising and promotion expenses (1H2008: 18.3%; 1H2007: 16.4%) incurred to boost market demand and expand market share outside Eastern region of the PRC



Business Review

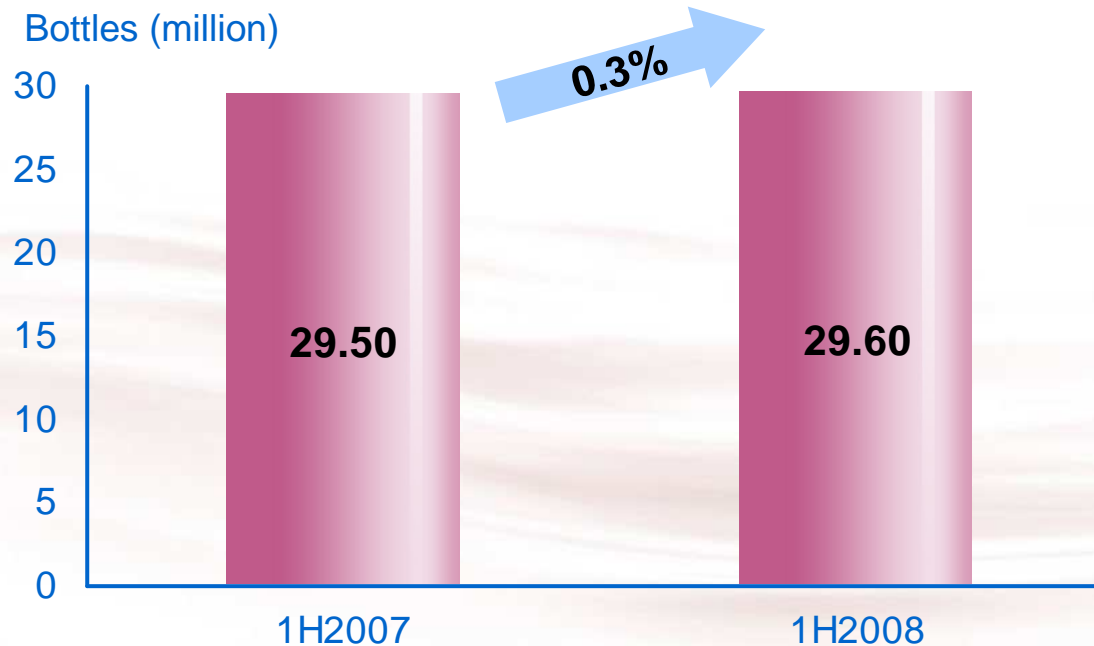


Dynasty Fine Wines Group Limited



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Total number of bottles of wine sold



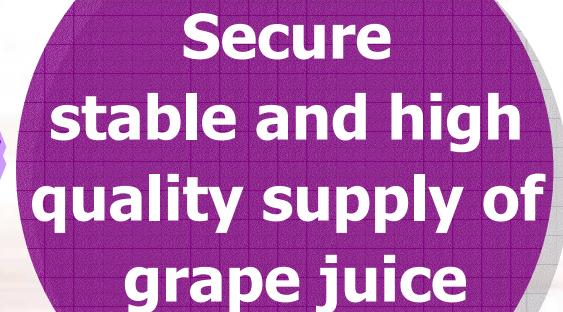
- ☞ Red wine sales remained as the principal source of turnover, representing 89.6% of the Group's total turnover
- ☞ Dynasty Dry Red continued to be the best seller, contributing 36.1% of the total turnover
- ☞ Average ex-winery sales price was slightly higher than 2007's HK\$23.0 per bottle (750ml)

- ☞ 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 market
- ☞ Continued to grow in other regional markets, such as Tianjin city, Fujian and Hubei provinces, etc



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

- ✎ Have over 10 major grape juice supplies with long-term stable relationships
- ✎ Continue to work with partner grape growers to enlarge the vineyards for better economies of scale and state-of-the-art techniques
- ✎ Continue to identify new suppliers to grow business and fill expanding production capacity*

A purple circle with a white grid pattern, containing the text "Secure stable and high quality supply of grape juice".

**Secure
stable and high
quality supply of
grape juice**

***Further expand to 70,000 tonnes (equivalent to approximately 93.3 million bottles) by the end of 2008**

Growth Strategies

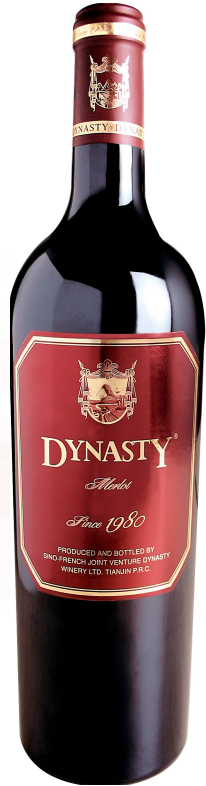


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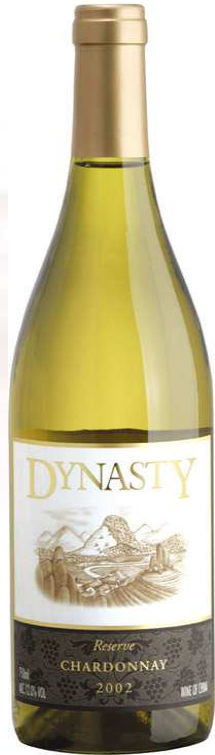
Enhancing premium products



Dynasty Fine Wines Group Limited



**Dynasty
Merlot Dry Red Wine**



**Dynasty
Chardonnay
Reserve 2006**



**Dynasty
Cabernet
Sauvignon
Reserve 2006**



**Dynasty
Dry Red Wine
aged in Oak Barrels**

**Strive to further
upgrade product mix**

Secure good quality grape supply

- ❧ Import grape juice from overseas when necessary

Maintain our strong position in the market

- ❧ Continued efforts on sales and marketing to expand market penetration
- ❧ Pursue new acquisition opportunities which can bring synergies to our business
- ❧ Participate in world class wine fair and exhibition to explore overseas market

Vinexpo Asia Pacific 2008



Dynasty Fine Wines Group Limited

- ☞ **Date: 27-29 May 2008**
- ☞ **Location: Hong Kong Convention and Exhibition Centre**
- ☞ **Introduce Dynasty premier products to HK and International markets and gain lots of attention from potential buyers and media**

DYNASTY





Dynasty Fine Wines Group Limited

Increase production capacity

Effectively control costs and enhance margins

Secure quality grape/grape juice supply

Geared towards high end product portfolio

Strengthen and expand distribution network

Seek acquisition opportunities





Prospects

Market opportunities

- ☞ China's rising per capital income
- ☞ Favorable government policies
- ☞ Increasing health conscious and popularity of drinking wine
- ☞ Rising demand on premium wine products in China
- ☞ Customer's favor towards local brands

Initiatives for seizing opportunities

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



To be China's
Leading Premier Grape Wine Maker



Dynasty Fine Wines Group Limited