



**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**

**2009 Interim Results  
August 2009**



Dynasty Fine Wines Group Limited

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Dynasty Fine Wines Group Limited

☞ **Mr. Bai Zhisheng**  
Chairman & Executive Director

☞ **Mr. Francois Heriard-Dubreuil**  
Vice Chairman & Non-executive Director

☞ **Mr. Gao Feng**  
Executive Director & General Manager

☞ **Mr. Yeung Chi Tat, Rex**  
Financial Controller  
& Company Secretary





Dynasty Fine Wines Group Limited

☞ Financial Highlights

☞ Business Review

☞ Growth Strategies

☞ Prospects



# Financial Highlights



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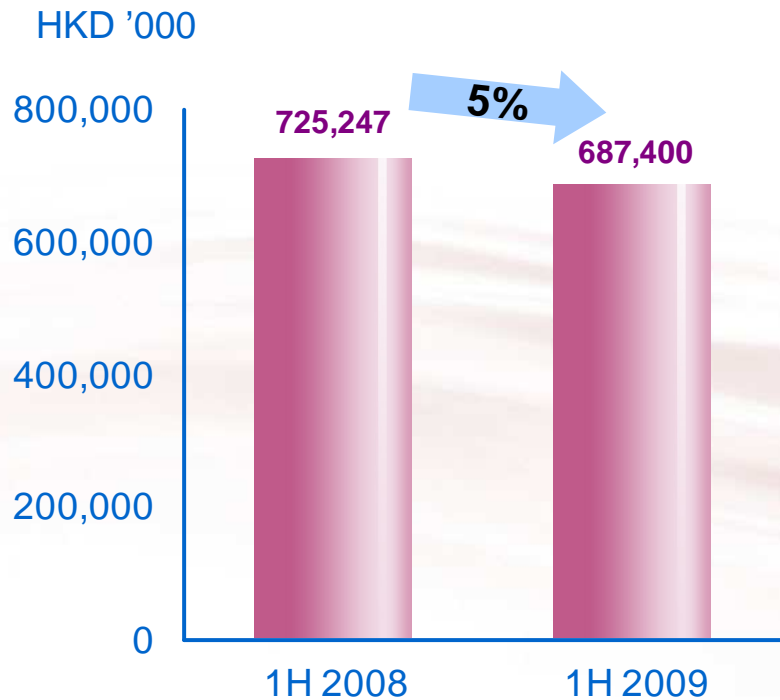
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# Financial results

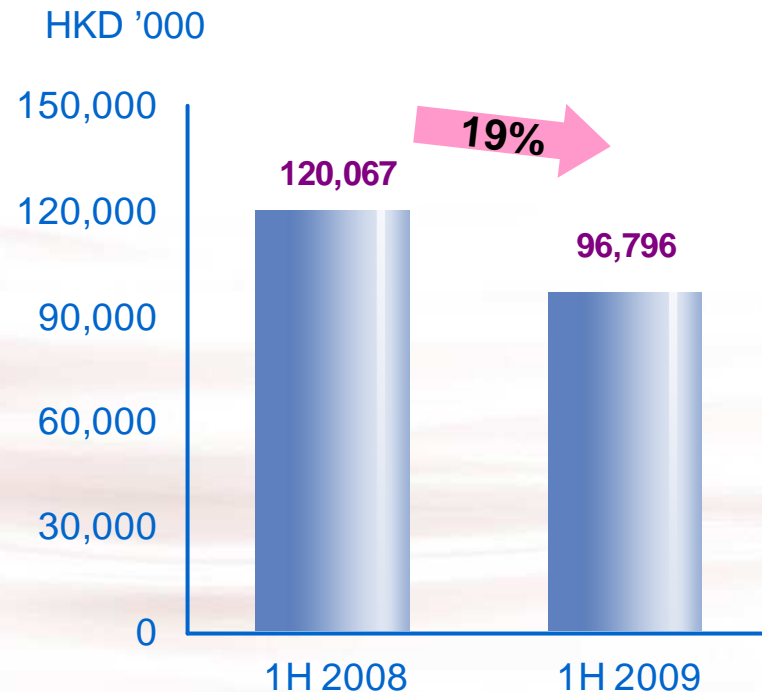
HKD '000	1H 2009	1H 2008
Revenue	687,400	725,247
Gross profit	342,356	387,270
Profit attributable to equity holders	96,796	120,067
Basic earnings per share (HKD)*	0.078	0.096
<i>Gross profit margin</i>	50%	53%
<i>Net profit margin</i>	14%	17%

☞ Proposed Interim dividend for 2009 is 2.8 HK cents per share

## Revenue



## Net Profit



- ☞ The decrease in revenue was due to a decline in volume of wines sold
- ☞ Net profit decreased as a result of contracted sales volume and lowered gross profit margin

## Breakdown of Cost of Sales

	1H 2009	1H 2008
	%	%
<b>Cost of raw materials</b>	<b>69</b>	<b>67</b>
■ Grapes and grape juice	38	36
■ Yeast and additives	3	2
■ Packaging materials	26	27
■ Others	2	2
<b>Manufacturing overheads</b>	<b>13</b>	<b>12</b>
<b>Consumption tax</b>	<b>18</b>	<b>21</b>
<b>Total cost of sales</b>	<b>100</b>	<b>100</b>

☞ Higher purchase cost of grape juice decreased gross profit margin of 1H 2009 to 50% (1H 2008: 53%)

☞ Red wines have higher gross margin (1H 2009: 52%) and selling price

	1H 2009 %	1H 2008 %
Revenue	100	100
Cost of sales	(50)	(47)
<i>Gross profit</i>	50	53
Distribution costs	(27)	(27)
Administrative expenses	(6)	(6)
Others	(3)	(3)
<i>Net profit</i>	14	17

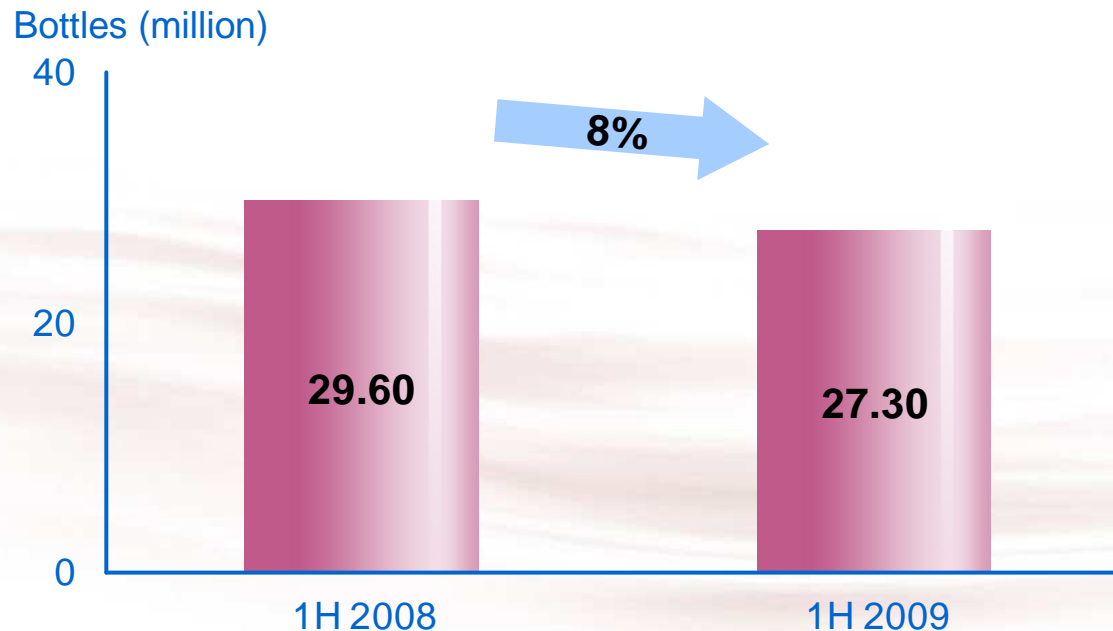
- Higher average cost of grape and grape juice increased the cost of sales
- Distribution expenses were relatively stable mainly attributable to the effective measures in monitoring and controlling sales and marketing spending

# Business Review



Dynasty Fine Wines Group Limited

## Total number of bottles of wine sold



- Red wine sales remained as the principal source of turnover, representing 83% of the Group's total revenue
- Dynasty Dry Red continued to be the best seller, contributing 27% of the total revenue
- Average ex-winery sales price of wine products was slightly higher than 2008's HK\$24.7 per bottle (750ml)

# Sales by region



Dynasty Fine Wines Group Limited

- 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, Hunan and Fujian provinces, etc. also grew



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



# New sources of revenue

Forged partnership with PRC financial institutions to produce and sell two premium red wine products

Imported premium foreign brand wines from Europe and sell to a niche market

Explore new sales channels and develop new customer base

New sources of revenue in the future

Secure stable and high quality supply of grape juice



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

Continue to identify new suppliers to grow business and fill expanding production capacity\*

**\*Further expand to 70,000 tonnes (equivalent to approximately 93.3 million bottles) by the end of 2009**

# Growth Strategies

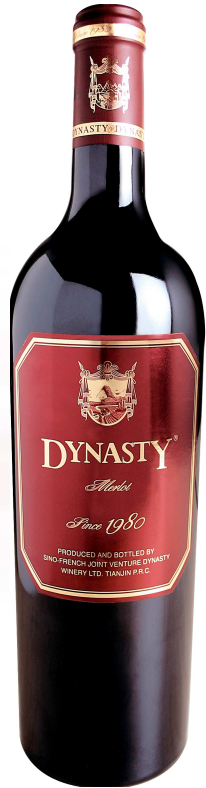


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# Enhancing premium products



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**Dynasty  
Merlot Dry Red Wine  
Reserve**



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



**Dynasty  
Chardonnay  
Dry White Wine**



**Dynasty  
5-star Icewine  
Reserve**

**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, especially in second tier cities
- ☞ Develop new sales channels and customers to enlarge the market shares
- ☞ Participate in world class wine fair and exhibition to enhance brand awareness and explore overseas market
- ☞ Pursue new acquisition opportunities which can bring synergies to our business



# Business strategies



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Increase  
production  
capacity

Effectively control  
costs and  
enhance margins

Appointing  
overseas  
distributors



Gear towards  
high end  
product portfolio

Strengthen and  
expand distribution  
network

Seek  
acquisition  
opportunities



# Prospects



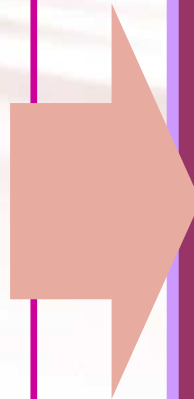
## Market opportunities

China's rising per capital 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



To be China's  
Leading Premier Grape Wine Maker



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