


DYNASTY 2009 REVENUE UP 9% TO HK\$1.48 BILLION

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GROWTH IN SALE VOLUME
EFFECTIVE CONTROL OF DISTRIBUTION COSTS
Financial Highlights

	Year ended 31 December		
	2009	2008	Changes
	HK\$'000	HK\$'000	
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%
Gross profit margin	51%	53%	-2%
Net profit margin	11%	11%	--
Basic earnings per share (HK cents)	12.5	11.5	+9%
Final dividend per share (HK cents)	3.1	1.9	+63%

(Hong Kong, 31 Mar 2010) – Dynasty Fine Wines Group Limited (“Dynasty” or “the Group”) (Stock Code: 828), a premier winemaker in China, today announced its audited annual results for the year ended 31 December 2009.

For the year under review, due to growth in sales volume and effective control of distribution costs, revenue of the Group rose by 9% to HK\$1.48 billion and its profit attributable to equity holders also increased by 9% to HK\$156.1 million. Earnings per share were HK12.5 cents based on the weighted average number of 1,245 million (2008 – 1,245 million) shares in issue. The Group’s cash and cash equivalents, and fixed deposits amounted to HK\$1,033 million and there was no debt.

Taking into account the Group’s strong financial position, the Board has recommended the payment of a final dividend of HK 3.1 cents per share for the year ended 31 December 2009.

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Mr. Bai Zhisheng, Chairman and Executive Director of Dynasty, said, “The sales of the Group were affected in the first half of 2009 as the global financial crisis bit and in the face of keen market competition. However, with an effective adjustment in the Group’s branding and marketing promotion strategies, sales volume was stimulated in the second half of the year.”

The total number of bottles of wine sold increased from approximately 55.1 million in 2008 to approximately 57.4 million in 2009. While continuing to expand its nationwide distribution network, the Huadong region (i.e. the Eastern region of the PRC) remained as the strongest market, the Group was dedicated to exploring new sales channels and has collaborated with financial institutions in the PRC to produce and sell two premium red wine products to the institution’s customers under prescribed terms and formats. In addition, a wholly-owned subsidiary, Tianjin Dynasty Winery Sales Co., Ltd. was set up to enhance the sales and marketing functions in the China wine market.

In the year under review, the Group also held grand openings for its first wine club — Dynasty Club on Heng Shan Road, and its first retail shop — Dynasty Retail Shop on Beijing West Road, Shanghai. Dynasty Club enables the Group to service top-tier customers while the Dynasty Retail Shop offers a chance to build loyalty with consumers and gain direct feedback from them.

In order to meet the rising demand for premium quality foreign wines, the Group also commenced importing foreign brand wines from Europe into the PRC market in the second quarter of 2009. Leveraging the Group’s substantial experience in the PRC wine market and extensive nationwide sales networks the foreign wines were well-received by the market. Sales of premium wine products, such as Dynasty Dry Red Wine — Aged in Oak Barrels, Dynasty Dry Red Wine — Reserve and Dynasty Premium Dry Red Wine — Aged in Oak Barrels, also recorded encouraging growth during the year.

As its existing production facilities had almost reached full capacity in 2008, the Group begun to build new production and R&D facilities in its Tianjin winery. Construction is underway with completion expected in the second half of 2010. The annual production capacity is to be increased from 50,000 tonnes (equivalent to approximately 66.7 million bottles) to 70,000 tonnes (equivalent to approximately 93.3 million bottles), enabling Dynasty to promptly respond to the surge of market demand and consolidate its market leading position.

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In September 2009, the Group was granted the Credible Enterprise of China Accreditation 2010-2012 by the China Enterprise Reputation and Credibility Association (Overseas) attesting to its long-standing reputation as a reputable enterprise. Moreover, the Group has also achieved second runner-up in the food and beverages industry category in The Most Promising Companies in China Awards 2009 organised by The Asset, an international finance magazine, in November, indicating the management's strategies and efforts over the past years as well as the Group's performance well recognised by the market.

In the second half year of 2010, the grand opening of a new "Dynasty Chateau" will be held in Tianjin. Modeled as a classical European wine chateau, Dynasty Chateau houses a wine museum narrating the history of wine culture and production, and exhibition halls showing the world's top wines. It also features a R&D centre, a wine tasting and dining service area, a tourism centre for visiting vineyards and chateau, and a wine and related souvenir shopping centre, which will mark a significant milestone in the Group's development. Following the grand opening a premium Dynasty Chateau wine will be launched in the second half of 2010 conceived to deliver an outstanding tasting experience to consumers. In addition, as part of its global marketing and promotion campaign, the Group will participate in Vinexpo Asia-Pacific 2010, an internationally-renowned wine exhibition, in Hong Kong during May.

Mr. Bai concluded, "In 2010 the Group will celebrate the 30th anniversary of Dynasty and the 5th anniversary of the Group's listing on the Hong Kong Stock Exchange. For over three decades, Dynasty has steadfastly built a Chinese beloved grape wines brand with international standard, and produced high quality wines. The Group is pleased to see Chinese people becoming more health conscious and aspiring for a higher quality of life as the habit of drinking grape wines spreads. To successfully address this trend, the Group will evaluate suitable acquisitions and explore different ways to boost profitability with the aim of maintaining market leadership and ultimately to bring higher returns to shareholders."

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About Dynasty Fine Wines Group Limited

Founded in 1980, Dynasty is the premier winemaker in China. It is principally engaged in the production and sale of grape wine products under its reputable Dynasty brand. Dynasty is the first Sino-foreign joint venture wine company in China with Tianjin Development Holdings Limited (Stock Code: 882) and Remy Cointreau as its major shareholders. The Group offers over 50 grape wine products in five main categories of red wines, white wines, sparkling wines, brandy and icewine. Dynasty provides customers in all consumer strata with high quality and “excellent value for money” products. In 2000, Dynasty was recognized as a Well-known Trademark for grape wine products in China by the Trade Mark Office of the State Administration of Industry and Commerce of China and in 2009, was awarded the Credible Enterprise of China Accreditation 2010-2012. Dynasty wines made the list of Best Selling Grape Wines in China published by the China Industry and Enterprise Information Centre 12 times between 1997 and 2009. The Group was listed on the Main Board of the Stock Exchange of Hong Kong on 26 January 2005. In 2009, the Group was named second runner-up in the food and beverages industry category in China of The Most Promising Companies by The Asset.

For press enquiries:

Strategic Financial Relations (China) Limited

Ms Esther Lau	Tel: 2864 4845	Email: esther.lau@sprg.com.hk
Ms Anna Luk	Tel: 2864 4877	Email: anna.luk@sprg.com.hk
Ms Tracy Wang	Tel: 2864 4838	Email: tracy.wang@sprg.com.hk
Ms Vivienne Leung	Tel: 2864 4846	Email: vivienne.leung@sprg.com.hk

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Dynasty Fine Wines Group Limited Consolidated Income Statement

	Year ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Revenue	1,482,542	1,360,859
Cost of sales	(727,041)	(639,148)
Gross profit	755,501	721,711
Other income	23,073	28,660
Distribution costs	(467,965)	(442,272)
Administrative expenses	(97,831)	(90,823)
Operating profit	212,778	217,276
Share of loss of an associate	(451)	(65)
Profit before income tax	212,327	217,211
Income tax expense	(55,456)	(73,270)
Profit for the year	156,871	143,941
Attributable to:		
Equity holders of the Company	156,122	143,079
Minority interests	749	862
	156,871	143,941
Final dividends (HK cents)	3.1	1.9
Basic earnings per share (HK cents)	12.5	11.5