

[For immediate release]



**DYNASTY FINE WINES GROUP LIMITED  
ANNOUNCES PROPOSED LISTING ON MAIN BOARD OF  
HONG KONG STOCK EXCHANGE**

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**ISSUES 300 MILLION SHARES AT HK\$1.75 TO HK\$2.25 PER SHARE FOR  
PLACING AND PUBLIC OFFER**

(Hong Kong, 16 January 2005) – Dynasty Fine Wines Group Limited, one of the top three grape wine producers in China (“Dynasty” or “the Group”) today announced its plan to list on the Main Board of the Hong Kong Stock Exchange (“SEHK”).

Dynasty will offer a total of 300 million new shares at an offer price in the range of HK\$1.75 to HK\$2.25 per share. Of the shares offered, 270 million shares will be by way of placing to institutional and professional investors including preferential offering, and 30 million shares for public subscription.

Calculated at the issue price of HK\$2.00 per share, the median of HK\$1.75 and HK\$2.25 per share, the net proceeds from the listing will amount to about HK\$550 million. The Group will use approximately HK\$200 million to expand production capability including building new wine cellars, purchasing brewing machinery and land, and construction of facilities; HK\$160 million to set up new production facilities; HK\$47 million for the Smiling East Acquisition; HK\$20 million to expand the Group’s sales and distribution network and activities; and the balance for possible acquisition and general working capital.

Deloitte & Touche Corporate Finance Limited is the sponsor of the listing; ABN AMRO Rothschild is the global coordinator, bookrunner and lead manager.

Dynasty’s public offer will begin on 17 January 2005 (Monday) and end at noon on 20 January 2005 (Thursday). The allotment results will be announced on 25 January 2005 (Tuesday). Dealings in the shares of Dynasty is expected to commence on the Main Board of SEHK on 26 January 2005 (Wednesday) under the stock code 828.

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Mr. He Xiuheng, Chairman of Dynasty, said, “Dynasty is the first Sino-French joint wine brewing enterprise. It has the strong support of its two major shareholders – Tianjin Development and Remy Cointreau and has been relentlessly in its efforts to provide all consumer strata high quality and ‘excellent value for money’ wines. Dynasty wines are now among the best selling in China, and between 1997 and 2003, Dynasty was granted six times the Certificate of Best Selling Grape Wines in the PRC by the China Industry and Enterprise Information Centre. Become listed on the SEHK will accelerate our business growth, further strengthening our leading position in the China wine market.”

Dynasty was established in 1980 as a Sino-French joint venture in Tianjin. Its major shareholders include the Hong Kong listed Tianjin Development (Stock Code: 882) and world-class wine brewery Remy Cointreau, which will hold 46.5% and 24.75% interest in Dynasty respectively after the listing. This background entitles Dynasty to sources of premium quality grape vines, superb industry experience and access to international wine brewing technology. Among the six non-executive directors of Dynasty, three of them are senior management from Remy Cointreau.

Mr. He said, “Before Dynasty was established, grape wines available to the Chinese people are of a sweet taste. However, as soon as Dynasty commenced its business, the genuine European taste of ‘dry’ wine was introduced to China, leading the trend of grape wine tasting in China.”

Dynasty offers over 50 wine products in four main categories: red wine, white wine, sparkling wine and brandy.

Dynasty is a reputable household wine brand in China. It was named a Famous Brand in the 3<sup>rd</sup> China Agricultural and Cultivation Expo in 1997, and recognized as a Well-known Trademark by the Trade Mark Office of the State Administration of Industry and Commerce of China in 2000.

Dynasty’s grape wine products have won awards in various international and local wine expos and competitions. In 1984, for example, Dynasty Medium Dry White Wine received the gold prize at the Dem Auf Der Leipziger Fruhjahrsmesse, and in 1988, Dynasty Medium Dry White Wine, Dynasty Dry White Wine, Dynasty Dry Red Wine and Dynasty V.S.O.P. brandy won gold prizes at the 1st China Food Expo, etc.

The Group’s production plants are located in Tianjin, China with total site area of 114,944 square meters, equipped with wine processing production machinery, such as crushers and filtration facilities, refrigeration facilities, storage facilities, the bottling and packaging lines and wine cellars. It has 5 bottling and packaging production lines, with core production facilities imported from Italy and France. These state-of-the-art and diversified wine processing production machinery, not only enabled “one-stop” wine production procedures, but also helped to raise Dynasty’s production efficiency.

Mr. He said, “Fine grapes and superb quality harvests are the keys to fine wine production. The Group’s grape vines are brought in directly from France, including cabernet sauvignon, merlot, chardonnay, Italian Riesling and Muscat hamburg. At present, grapes used by the Group are grown mainly by grape suppliers in Ningxia, Shandong, Hebei and Tianjin.”

To ensure that the grapes used by Group are of the best quality – of minimum sugar content and standard appearance, their suppliers have to follow vineyard management and grape growing guidelines specified by the Group. The Group will also send staff to monitor the harvesting of the grapes, and grapes that fall short of the required standards will be discarded.

Dynasty’s turnover had grown steadily in the past few years, except for a slight decline of 3% in the first half of 2003 due to the SARS outbreak. The Group’s turnover rebounded in 2004, reaching over RMB620 million for the first nine months of 2004, representing 25.4% increase over the same period last year. Red wine products continued to be the Group’s core products. Its sales accounted for 94% of the Group’s total sales for the first nine months of 2004. The net profit margin stood at 48% or above in the past 3 years. The gross profit margin increased to 54% for the first nine months of 2004, resulting from the substantial increase in sales and decrease in average purchase cost of grape.

Mr. He said, “As the income of the people in China rises and their eating and drinking habits change, grape wines have emerged as the top choice among consumers of alcoholic drinks. Since Dynasty’s products are of consistently good quality and are available at reasonable prices, I believe Dynasty has immense market potential.”

Reaching every corner of the country through its extensive sales network, Dynasty is a brand of national fame. The Group has a 70-strong sales team and over 200 distributors in 16 provinces and 4 municipalities. Over the past 20 years, the Group has built and maintained close and long-term relationships with its key customers.

Although China’s wine market is more than 2,000 years old, rapid development started only in the last decade and the wine market is dominated by local brands. According to “Wine in China: A Market Analysis” published by Access Asia Limited in June 2004, there was a steady growth of grape wine market in China. The production volume has increased from 71.5 million liters in 1997 to 283.6 million liters in 2003, representing a compound annual growth rate of 25.8%. The per capita consumption of wine in the country had risen from 0.06 liters in 1997 to approximately 0.22 litres in 2003, a jump of 24.2%. However, when compared with the world’s wine consuming giants such as France (59 litres), China is lagging far behind in per capita consumption. According to World Grape Wine Industry Association statistics, between 2003 and 2008, China will beat the world and other countries in the Asia Pacific in the increase in wine sales, meaning the China wine market has plenty of room for growth.

Mr. He said, “Dynasty will seize the opportunities arising in the fast growing China wine market. We will step up marketing of our ‘Dynasty’ brand, work hard to develop the best wine products, strive to increase our market share and profit levels so as to achieve the best returns for our shareholders.”

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### **About Dynasty Fine Wines Group Limited**

Founded in 1980, Dynasty is one of the leading grape wine producers in China. It is principally engaged in the production and sale of grape wine products under its reputable brand, “Dynasty”. Dynasty was 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 the categories of red wines, white wines, sparkling wines and brandy. 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. From 1997 to 2003, Dynasty was granted six times the Certificate of Best Selling Grape Wines in China by the China Industry and Enterprise Information Centre.

### **Product Award**

Years	Awards	Products	Issuers/grantors
1984	Gold	Medium dry white wine	Dem Auf Der Leipziger Fruhjahrsmesse
1988	MEDAILLE D’OR	Extra dry white wine	Institut International Pour Les Selections De La Qualite
1988	MEDAILLE DE BRONZE	Dry red wine	Institut International Pour Les Selections De La Qualite
1989	MEDAILLE D’OR	Extra dry white wine	Institut International Pour Les Selections De La Qualite
1989	MEDAILLE D’ARGENT	Medium dry white wine	Institut International Pour Les Selections De La Qualite
1990	MEDAILLE D’OR	Medium dry white wine	Institut International Pour Les Selections De La Qualite
1991	GRANDE MEDAILLE D’OR	Medium dry white wine	Institut International Pour Les Selections De La Qualite
1996	Technological Progress Award (Class 3)	N/A	PRC State Commission of Science and Technology
2001	National Scientific and Technological Progress Award (Class 2)	Red wine	State Council of the PRC
2003	CFIN National Scientific and Technological Progress Award (Class 2)	Red wine	China Food Industry Association
2003	Certificate for National Technological Progress 2001-2002	Red wine	China Food Industry Association

### **Issue Statistics**

Total Number of offer shares	300,000,000 new shares
Number of shares for the International Placing	270,000,000 new shares
Number of shares for the Hong Kong Public Offering	30,000,000 new shares
Over-allotment shares	45,000,000 new shares
Offer price	HK\$1.75 – HK\$2.25 per share
Stock code	828
Market Capitalization	HK\$2.7billion (US\$350 million) (based on an offer price of HK\$2.25 per share)
Prospective P/E multiple (pro forma fully diluted)	16.07 times (based on an offer price of HK\$2.25 per share)

### **Trading Record**

Below is a summary of Dynasty's consolidated financial results :

	<b>For the year ended 31 December (Audited) RMB'000</b>			<b>For the nine months ended 30 September (Unaudited) RMB'000</b>	
	2001	2002	2003	2003	2004
<b>Turnover</b>	622,302	730,500	708,571	495,097	620,193
<b>Gross Profit</b>	301,518	372,359	360,904	259,175	337,452
<b>Gross Profit Margin</b>	48.5%	51.0%	50.9%	52.3%	54.3%
<b>Net Profit</b>	115,186	120,879	124,374	96,478	135,911
<b>Net Profit Margin</b>	18.5%	16.5%	17.6%	19.5%	21.9%

### **For press enquiries :**

#### **Strategic Financial Relations (China) Limited**

Ms Anita Cheung    Tel:2864 4827    anita@strategic.com.hk  
Ms Olive To        Tel:2864 4838    olive@strategic.com.hk  
Ms Jasper Chan    Tel:2864 4830    jasper@strategic.com.hk  
Mr Andy Chan      Tel:2864 4854    andy@strategic.com.hk  
Ms Anna Luk        Tel:2864 4877    annaluk@strategic.com.hk

Fax: 2517 1271 / 2804 2789