

[For immediate release]



DYNASTY ANNOUNCES 2006 ANNUAL RESULTS
TURNOVER INCREASES BY 17.6% TO HKD1,114.1 MILLION

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ENHANCES MARKETING EFFORTS IMPROVES OPERATIONAL EFFICIENCY

Financial Highlights

	For the year ended 31 December	
	2006	2005
	<i>HKD '000</i>	<i>HKD '000</i>
Turnover	1,114,145	947,489
Gross profit	567,245	490,567
Profit attributable to equity holders	114,803	178,991
Cash inflow from operating activities	112,700	53,700
Gross profit margin	50.9%	51.8%
Net profit margin	10.3%	18.9%
Basic earnings per share (HK cents)	9.2	14.7
Final dividend per share (HK cents)	1.2	2.0

(Hong Kong, 19 April 2007) – Dynasty Fine Wines Group Limited (“Dynasty” or “the Group”) (Stock Code: 828), one of the best selling grape wine producers in China, today announced its 2006 annual results for the year ended 31 December 2006.

During the year under review, the Group’s turnover grew 17.6% to HK\$1,114.1 million from HK\$947.5 million in 2005. Gross profit margin and net profit margin were 50.9% and 10.3% respectively. Cash inflow from operating activities surged a remarkable 109.9% to HK\$112.7 million. Profit attributable to equity holders was HK\$114.8 million. Basic earnings per share amounted to 9.2 HK cents.

The increase in turnover was primarily attributable to the forceful sales and marketing efforts of the Group and organic growth of the overall grape wine market in China. In view of the Group’s strong financial position, abundant cash flow from operations and strengthening equity base, the Board of Directors recommended payment of a final dividend of 1.2 HK cents per share.

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Mr. Bai Zhisheng, Chairman and Executive Director of Dynasty, said, “2006 was a challenging year for Dynasty. Our gross margin was squeezed by rising grape juice cost and by increased depreciation after we completed capacity expansion. However, with our efforts to stabilize supply of quality grape juice and stringent cost control, we kept gross profit margin high at 50.9%. To maintain our strong market position in Eastern China, to expand our share in other regional markets and to facilitate new products penetration, we spent more on advertising and promotion, and that affected our net profit margin.”

The Group’s sales rose to 49.5 million bottles in 2006 from 45.5 million bottles in 2005, an 8.8% increase year-on-year. Average ex-winery sales prices per bottle (750 ml) increased from HK\$20.8 to HK\$22.5 in 2006 as the result of a refined product mix. Red wine products remained as the Group’s primary revenue source, accounting for 93.8% of its total turnover. Dynasty Dry Red was the bestseller, accounting for 45.8% of the Group’s turnover.

The Group produces a diverse range of over 50 products under the “Dynasty” brand for different consumer segments especially the medium to high-end segments. During the year, sales of premium wine products recorded encouraging growth. As the Chinese people become more affluent and living standard in the country improves, Chinese consumers have come to appreciate premium wine products. The Group believes premium products will gradually become a significant source of income and a growth driver for its business in the future.

To enhance Dynasty’s brand image globally, the Group took part in Vinexpo Asia Pacific 2006, the wine exhibition held in Hong Kong in May 2006. The Group introduced over 20 premier products at the event and Dynasty brand received widespread market attention and media coverage.

The average grape wine consumption in China is still very low when compared with other developed areas. This points to great potential for the wine industry in China and Dynasty. During the year, the Group completed first phase expansion to increase its annual production capacity from 30,000 tonnes to 50,000 tonnes. Its plan is to expand capacity further to 70,000 tonnes by the end of 2008. With expanded production capacity, Dynasty will be able to promptly respond to the booming market and consolidate its market leadership.

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In January 2007, the Group completed the acquisition of 25% equity interest of Dynasty Yuma Vineyard (Ning Xia) Co. Ltd. (formerly known as Ning Xia Heavenly Palace Yuma Winery Co., Ltd.) at a consideration of HK\$11.49 million. The acquisition has strategic value for Dynasty as it enables the Group to secure a stable supply of quality grape juice, which will be essential for the Group to meet anticipated growth in demand.

Mr. Bai concluded, “Looking forward, the Group will enjoy a better margin thanks to better grape harvests in 2006 lowering grape juice cost and the support of diverse sourcing channels. To fortify market leadership and boost overall competitiveness, we have implemented measures to effectively monitor and control distribution costs and improve operational efficiency. Dynasty will keep its eyes on opportunities in the international market while striving to seize the immense potential of China’s grape wine market to bring higher returns to its 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 “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 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. Dynasty wines made the list of Best Selling Grape Wines in China published by the China Industry and Enterprise Information Centre eight times between 1997 and 2005. In 2005, Dynasty also earned the grade A Chinese grape wine label. The Group was listed on the Main Board of the Stock Exchange of Hong Kong on 26 January 2005, and was added to the Hang Seng China-Affiliated Corporations Index on 5 September 2005.

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 Scarlett Shi	Tel: 2864 4850	Email: scarlett.shi@sprg.com.hk

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Dynasty Fine Wines Group Limited
Consolidated Income Statement

For the year ended 31 December

	2006 HKD'000	2005 HKD'000
Turnover	1,114,145	947,489
Cost of sales	(546,900)	(456,922)
Gross profit	567,245	490,567
Other gains	43,325	19,368
Distribution costs	(387,896)	(221,515)
General and administrative expenses	(71,261)	(59,062)
Operating profit	151,413	229,358
Finance costs	-	(346)
Profit before income tax	151,413	229,012
Income tax expense	(37,694)	(47,604)
Profit for the year	113,719	181,408
Attributable to:		
Equity holders of the Company	114,803	178,991
Minority interests	(1,084)	2,417
	113,719	181,408
Final dividends per share (HK cents)	1.2	2.0
Basic earnings per share (HK cents)	9.2	14.7