Dynasty Fine Wines Group Limited

王 朝 酒 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 828)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the "Directors") of Dynasty Fine Wines Group Limited (the "Company") is pleased to report the unaudited results of the Company and its subsidiaries (the "Group") for the first half year of 2007. These interim results have been reviewed by the Company's Audit Committee and the Company's independent auditor, PricewaterhouseCoopers. All of the Audit Committee members, including the chairman of the Audit Committee are independent non-executive directors.

CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover	*6*	**662,324**	575,527
Cost of sales		**(324,898)**	(283,699)
Gross profit		**337,426**	291,828
Other gains	*6*	**19,802**	28,586
Distribution costs		**(168,274)**	(186,110)
General and administrative expenses		**(48,884)**	(26,767)
Operating profit	*7*	**140,070**	107,537
Share of profit of an associate		**3**	—
Profit before income tax		**140,073**	107,537
Income tax expense	*8*	**(39,740)**	(25,613)
Profit for the period		**100,333**	81,924
Attributable to:			
Equity holders of the Company		**100,048**	82,302
Minority interests		**285**	(378)
		100,333	81,924
Dividends	*9*	**44,820**	37,350
Earnings per share		***HK cents***	*HK cents*
— Basic and diluted earnings per share	*10*	**8.0**	6.6

CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2007 Unaudited HK$'000	31 December 2006 Audited HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**332,566**	313,034
Land use rights		**59,065**	59,186
Interest in an associate		**12,277**	—
Goodwill		**9,421**	9,421
Deferred income tax assets		**1,320**	1,279
		414,649	382,920
Current assets			
Trade receivables	*11*	**105,690**	97,521
Other receivables, deposits and prepayments		**27,137**	42,584
Inventories		**358,922**	386,035
Cash and bank balances			
— Restricted		**2,220**	—
— Unrestricted		**893,224**	764,394
		1,387,193	1,290,534
Total assets		**1,801,842**	1,673,454

	Note	As at 30 June 2007 Unaudited *HK$'000*	31 December 2006 Audited *HK$'000*
EQUITY			
Capital and reserves attributable to the Company's equity holders:			
Share capital		**124,500**	124,500
Other reserves		**1,047,347**	1,005,481
Retained earnings			
— Proposed dividend		**44,820**	14,940
— Others		**310,107**	254,879
		1,526,774	1,399,800
Minority interests		**31,345**	30,098
Total equity		**1,558,119**	1,429,898
LIABILITIES			
Current liabilities			
Trade payables	*12*	**65,920**	44,000
Other payables and accruals		**163,993**	195,324
Current income tax liabilities		**7,087**	4,232
Amount due to an associate		**6,723**	—
Total liabilities		**243,723**	243,556
Total equity and liabilities		**1,801,842**	1,673,454
Net current assets		**1,143,470**	1,046,978
Total assets less current liabilities		**1,558,119**	1,429,898

Notes:

1. General information

The Company was incorporated in the Cayman Islands on 29 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company together with its subsidiaries are hereafter collectively referred to as the Group.

The Group manufactures and sells wine products, through a network of distributors. The Group mainly operates in PRC and Hong Kong with a registered office in Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal address of the Company is in Unit 1408, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

The condensed financial statements were approved for issue on 20 September 2007.

2. Basis of preparation and accounting policies

These unaudited condensed financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed financial statements should be read in conjunction with the Company's 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006, except that the Group adopted the following new standards, amendments and interpretations for the accounting period beginning on or after 1 January 2007:

HKAS 1	Amendments to Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2, Share-based Payment
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new standards, amendments and interpretations do not have a significant impact on the Group's results and financial position. Full disclosure as required by HKAS 1 and HKFRS 7 will be disclosed in the year-end financial statements.

The Group has not adopted the following new/revised standards and interpretations that have been issued but are not effective for 2007. The Group is in the process of assessing the impact of these changes and they do not expect these changes to have a significant impact on the Group's results and financial position.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

3. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2006.

4. Critical accounting estimates and assumptions

Estimates and judgements used are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal to the related actual results.

The estimates and assumptions applied in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

5. Segment information

Manufacturing and sale of wine products is the only business segment of the Group for the periods ended 30 June 2007 and 2006. No geographical analysis is provided as less than 10% of the consolidated turnover, consolidated results and operating assets of the Group are attributable to markets other than the PRC.

6. Turnover and other gains

The Group is principally engaged in the manufacturing and sale of wine products. Revenue and other gains recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Turnover		
Manufacturing and sale of wine products	**662,324**	575,527
Other gains		
Interest income	**14,751**	14,093
Government grants	**5,051**	14,493
	19,802	28,586
Total revenue and gains	**682,126**	604,113

7. Operating profit

Operating profit is stated after charging:

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Employee costs including directors' emoluments	**31,220**	12,590
Depreciation	**17,935**	15,766
Amortisation	**1,974**	519
Operating lease rentals in respect of:		
— transformation station	**1,091**	1,043
— office premises	**713**	713

8. Income tax expense

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Current taxation:		
— PRC income tax	**37,815**	25,613
— underprovision in prior years	**1,925**	—
	39,740	25,613

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong.

Provision for PRC income tax has been made at the applicable rate on the estimated assessable profit for the period for each of the Group's subsidiaries. The applicable rate is principally 24%, being the preferential rate for foreign investment production enterprises established in a coastal economic development zone (2006: 24%).

9. Dividends

	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
2006 final paid, of HK1.2 cents (2005 final paid, of HK2.0 cents) per ordinary share	**14,940**	24,900
2007 interim declared of HK3.6 cents (2006: HK3.0 cents) per ordinary share	**44,820**	37,350
	59,760	62,250

At a meeting held on 20 September 2007, the Directors declared an interim dividend of HK3.6 cents per ordinary share. This declared dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

10. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of HK$100,048,000 (2006: HK$82,302,000) and the weighted average number of 1,245,000,000 shares (2006: 1,245,000,000) in issue during the period.

The exercise of share options would have no material dilutive effect of earnings per share for the periods ended 30 June 2007 and 2006.

11. Trade receivables

In general, the Group grants a credit period of 30 to 90 days to its customers. The aging analysis of trade receivables is as follows:

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
Below 30 days	**72,362**	78,504
30 to 90 days	**16,330**	10,141
91 to 180 days	**13,454**	3,793
Over 180 days	**4,394**	5,907
	106,540	98,345
Less: Provision for doubtful debts	**(850)**	(824)
	105,690	97,521

12. Trade payables

The aging analysis of the trade payables is as follows:

	Unaudited 30 June 2007 *HK$'000*	Audited 31 December 2006 *HK$'000*
Below 30 days	**63,672**	41,821
91 to 180 days	**—**	1,890
Over 180 days	**2,248**	289
	65,920	44,000

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Turnover amounted to HK$662.3 million (2006 — HK$575.5 million) for the six months ended 30 June 2007, representing an increase of 15.1% as compared to the same period in 2006 and our profit attributable to equity holders of the Company was HK$100.0 million (2006 — HK$82.3 million), representing an increase of 21.6%.

Earnings per share of the Company ("Share") for the first half of 2007 amounted to HK8.0 cents (2006 — HK6.6 cents) based on the weighted average number of 1,245,000,000 (2006 — 1,245,000,000) Shares in issue during the period. As there was no material dilutive potential ordinary Share outstanding as at 30 June 2007, dilutive earnings per Share are not presented.

The earnings growth in the first half of 2007 was mainly attributable to the continuing growth in sales volume and the decrease in distribution costs. As a reflection of the strong financial position and generally positive outlook, the Directors have resolved to pay an interim dividend of HK3.6 cents (2006 — HK3.0 cents) per Share.

Financial review

Turnover

For the first six months of 2007, the Group achieved satisfactory growth in turnover thanks to increase in sales volume as a result of the forceful marketing and promotional efforts mounted by the Group during the period and supported by organic growth of the overall grape wine market in the PRC. The Group's turnover for the period increased by 15.1% to HK$662.3 million, comparing to HK$575.5 million in the first half of 2006. The Group's average ex-factory sales prices for red and white wine products during the period under review were comparable to the average price of HK$22.5 per bottle (750ml) in 2006. Since the consumers in the PRC have a prevalent preference for red wines, the Group is able to set higher prices for its red wine products and therefore the average ex-factory sales prices of the Group's red wine products are generally higher than its white wine products.

Cost of sales

The following table sets forth the major components of our cost of sales for the period under review:

	For the six months ended 30 June	
	2007	2006
	%	%
Cost of raw materials		
— Grapes and grape juice	**38**	39
— Yeast and additives	**2**	2
— Packaging materials	**26**	26
— Others	**2**	2
Total cost of raw materials	**68**	69
Manufacturing overheads	**12**	11
Consumption tax	**20**	20
Total cost of sales	**100**	100

The principal raw materials required by the Group in producing wine products are grapes, grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. Due to the decrease in average cost of grapes and grape juice, the cost of grapes and grape juice accounted for approximately 38% of the Group's total cost of sales, representing an decrease of 1% from approximately 39% in the corresponding period in 2006. The total cost of packaging materials as a percentage of turnover remained largely unchanged during the period under review as compared with the corresponding period in 2006.

Manufacturing overheads consist primarily of depreciation or rental of fixed assets, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses for production. During the period, manufacturing overheads as a percentage of turnover did not fluctuate significantly during the period under review as compared with the corresponding period in 2006.

Gross profit margin

Calculated based on cost of sales inclusive of consumption tax and gross invoiced sales, the overall gross profit margin of the Group improved slightly to 50.9% in the first half year of 2007, from 50.7% in the corresponding period in 2006. The primary reason for the gross profit margin improvement was the lower purchase cost of grape juice as compared to the first half year of 2006. The gross margin of red wine products and white wine products in the first half year of 2007 were 51.6% and 42.4% respectively (2006 — 51.0% and 44.2% respectively). The higher gross margin of the red wine products was mainly due to their higher sales prices.

Other gains

Other gains for the six months ended 30 June 2007 dropped by 30.7% to HK$19.8 million (2006 — HK$28.6 million), mainly attributable to:

(1) A government subsidy of HK$5.1 million (2006 — HK$14.5 million) to a subsidiary to encourage its technology development and winemaking improvement in the PRC; offset by

(2) Increase in interest income from higher bank deposit's interest rates.

Distribution costs

Distribution costs mainly include advertising and market promotion expenses, transportation and delivery charges in connection with the sales of grape wine products, salaries and related personnel expenses for the sales and marketing department and other incidental expenses. For the six months ended 30 June 2007, the company had taken strong measures to control advertising and promotion expenses. As a result, distribution costs decreased and accounted for approximately 25.4% (2006 — 32.3%) of the Group's turnover. In particular, advertising and market promotion expenses accounted for approximately 16.4% (2006 — 20.5%) of the Group's turnover.

General and administrative expenses

General and administrative expenses consist primarily of salaries and related personnel expenses for administrative, finance and human resources departments, write off of obsolete inventories, depreciation and amortisation expense and other incidental administrative expenses.

During the period under review, general and administrative expenses as a percentage of the Group's turnover increased to 7.4% from 4.7% for the corresponding period last year and was mainly due to the larger functional currency exchange loss of HK$11 million (2006 — HK$4 million) attributable to our bank deposits denominated in US dollar in connection with the appreciation of Renminbi.

Taxation expense

Under the current laws of the Cayman Islands and the British Virgin Islands ("BVI"), neither the Company nor its subsidiaries incorporated in the BVI is subject to tax on its income or capital gains. In addition, any payment of dividends is not subject to withholding tax under those jurisdictions.

Pursuant to the relevant income tax rules and regulations of the PRC, the applicable tax rate for Sino-French Joint-Venture Dynasty Winery Limited, our major operating subsidiary and Tianjin Tianyang Grape Extracting Co. Ltd, another subsidiary of the Group, is 24%, being the preferential income tax rate for foreign investment production enterprises established in a coastal zone. The applicable rate for Shandong Yu Huang Grape Wine Co., Ltd., another subsidiary of the Group, is 30%. During the period under review, the effective tax rate of the Group increased to approximately 28.4% (2006 — 23.8%). mainly due to under-provision of profits tax in prior year and more non-tax deductible expenses incurred.

Cash flow

In the first half year of 2007, the Group's source of cash flow was mainly from its operating activities. The Group's cash was used mainly to pay for the acquisition of property, plant and equipment and 2006 final dividends to shareholders. The increase in cash inflow from operating activities from HK$59.7 million in the first half year of 2006 to HK$148.7 million in the first half year of 2007 was primarily attributable to the increase in turnover and decrease in distribution costs as well as the effects of the changes in working capital, mainly decrease in inventories.

Net cash used in investing activities was primarily attributable to the acquisition of property, plant and equipment pursuant to our expansion plan less of interest income and amounting to approximately HK$13.4 million (2006 — HK$12.1 million).

Net cash outflow in financing activities was primarily attributable to the payment of dividends to shareholders of approximately HK$14.9 million (2006 — HK$24.9 million).

Financial management and treasury policy

As at 30 June 2007, except for the net proceeds from the placing and public offer, the Group's revenues, expenses, assets and liabilities are substantially denominated in Renminbi ("RMB"). The net proceeds from the placing and public offer in 2005 that were not used for the intended purposes have been placed on short-term deposits (denominated in US dollars or Hong Kong dollars) with authorised financial institutions in Hong Kong. The Company also pays dividends in Hong Kong dollars. No hedging or other alternatives have been implemented as it is the policy not to enter into any derivative product for speculative activities. The Group has maintained strong positive cash flows and is in a net cash position, thus we are exposed to minimal financial risk from interest rate fluctuation.

The Group has established an investment policy with the objective of monitoring the investments of the Group's uncommitted funds to ensure the achievement of the highest practicable returns with capital preservation and liquidity as priority focus.

Business review

Sales analysis

During the period under review, the Group recorded satisfactory growth in sales volume as compared to the same period of 2006. The number of bottles of wine sold increased from approximately 26.2 million in the first half year of 2006 to approximately 29.5 million in the first half year of 2007. The primary revenue source of the Group continued to be red wine product sale which accounted for approximately 93.2% of the total turnover for the period (2006 — 94.1%). Dynasty Dry Red, the prototype of its mass market product, remained as the Group's best selling product accounting for approximately 40.2% of the Group's turnover (2006 — 45.9%).

The Group continued to reinforce and expand its edge in nationwide distribution network, and sold our products in all provinces and autonomous regions and four directly-administered municipalities under the central government of the PRC. Huadong region (i.e. the Eastern region of the PRC), which comprise of Shanghai, Zhejiang and Jiangsu provinces continued to be the Group's primary markets. In addition to these primary markets, sales of our products in other markets, such as Guangdong, Jiangxi, Hunan and Hubei provinces etc., were growing. Export sales of the Group's products to overseas market, were insignificant at 0.2% (2006 — 0.2%) of the total turnover during the period as the domestic market was the Group's primary focus.

We produce a diverse range of over 50 products under the "Dynasty" brand to meet different consumer segments in the PRC grape wine market with focus on the medium to high end segments. To attract patronage of high-end consumer, we will introduce more premium products. During the period under review, sales of premium wine products, such as Dynasty Dry Red Wine-Reserve, Dynasty Cabernet Sauvignon Reserve 2004 and Dynasty Chardonnay Reserve 2004, recorded encouraging growth. Although the sales contribution of these products to our turnover was insignificant during the first half year of 2007, we believe these premium product sales will become an increasingly significant income source and a growth driver for us in the future.

Supplies of grapes or grape juice

Having sufficient supply of quality grapes or grape juice is crucial to ensuring the production for quality wine products. We currently have over 10 major grape juice suppliers, mainly located in Tianjin, Shandong, Hebei and Ningxia, with whom we have established long term and stable relationships. To ensure we have reliable and solid supplies of quality grapes and grape juice to meet the needs of our growing business and fill our expanding production capacity, the Group has been working with our grape growing partners to enlarge their existing vineyards for better economies of scale. We have also identified new suppliers who can meet our quality requirements. For new suppliers, the quality of their produce will be fully tested before orders are placed. Such measures will enable us to secure grape supplies and lower the risk of production being interrupted by change of climate, thus affecting the supply of grapes or grape juice.

Production capacity

The production capacity was expanded to reach 50,000 tonnes (equivalent to approximately 66.7 million bottles) per annum in June 2006. An appropriate site which is adjacent to existing winery in Tianjin was selected for further enhancing the production capacity. During the period, the various stages of design development and planning have been under way for some time. The new production facility, expected to be completed by the end of 2008, will further increase our annual production capacity to 70,000 tonnes (equivalent to approximately 93.3 million bottles). The enlarged production capacity will enable us to promptly respond to the booming market and further consolidate the Group's position and market share.

Outlook

Looking ahead, the Group expects competition in PRC grape wine market to remain keen. The Group will continue to take various kinds of measures to enhance margins, control sales and marketing spend, and improve staff motivation and measurement systems. Moreover, the Group will commence phase II of a brand strategy review to craft more effective brand strategies for future marketing. The Group has full confidence of its ability to capitalise on the increasing consumer demand for grape wine products in the PRC boosted by the booming economy. Armed with competitive advantages, such as our reputable brand name, medium to high end segment portfolio and market knowledge, extensive distribution network and consistently expanding and refining product mix, the Group will strive to maintain its strong position in the grape wine market.

While ensuring maximum organic growth in the future, we will continue to identify and pursue acquisition opportunities that bring synergies to our business strategies to help us generate greater value for our shareholders.

Employees

The Group employed 418 staff (including Directors) in Hong Kong and the PRC. The total salaries and related costs incurred for the six months ended 30 June 2007 amounted to HK$31.2 million. The Group offers competitive remuneration packages commensurate with the industry level and provides various fringe benefits, including trainings, medical, insurance coverage as well as retirement benefits to all employees in Hong Kong and in the PRC. In addition, there was an incentive policy which links the staff bonus to the sales and results of the Group, which effectively stimulated the initiatives of the staff. The Group review its human resource and remuneration policies regularly in the light of local legislation, market conditions, industry practice and the performance of both the Group and individuals.

The Company also adopted a share option scheme on 6 December 2004 for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of our operations. As at 30 June 2007, 19,900,000 share options were granted and outstanding under the scheme.

Liquidity and financial resources

The Group's unrestricted cash and bank balances as at 30 June 2007 amounted to HK$893.2 million. It has net cash inflow from operating activities ample for satisfying the working capital requirement of the business operations and capital expenditures. New investment will be funded by the Group's internal resources.

Capital structure

As at 30 June 2007, the Group has no borrowings and was in a significant net cash position, reflecting its sound capital structure. The net proceeds raised from the placing and public offer in 2005 had strengthened the Group's capital structure, giving it sufficient cash to support operating and capital expenditure requirements in the foreseeable future.

The market capitalisation of the Company as at 30 June 2007 was approximately HK$3,972 million.

Gearing ratio

As at 30 June 2007, the Group had no long-term debts with shareholders' fund of the Group amounted to approximately HK$1,527 million. The Group's gearing ratio, expressed as a ratio of total long-term debts to shareholders' fund, as at 30 June 2007 was nil (2006 — nil).

Capital commitments, contingencies and charges on assets

The Group's capital commitments is mainly for intended purchase of fixed assets and production facilities of approximately HK$178.8 million which were authorised but not contracted for and approximately HK$10.4 million which were contracted but not provided for in the financial statements as at 30 June 2007. These commitments were mainly to support the expansion of the Group's production capacity and for purchase of barrels. The funding of such capital commitments will be paid out of the listing proceeds as stated in the prospectus dated 17 January 2005.

As at 30 June 2007, the Group had no material contingent liabilities and its assets were free from any charge.

Material acquisitions and disposals of subsidiaries and associated companies

The Group completed the acquisition of 25% equity interest of Dynasty Yuma Vineyard (Ning Xia) Co. Ltd.* (王朝御馬酒庄(寧夏)有限公司) at a consideration of $11.5 million on 18 January 2007. The acquisition helps the Group to secure stable and high quality supply of grape juice. Save as mentioned above, the Group had no other material acquisition or disposal of subsidiaries and associated companies during the six months ended 30 June 2007.

Interim Dividend

The Directors are pleased to declare an interim dividend of HK3.6 cents per Share. The interim dividend will be paid to shareholders whose names appear on the Register of Members on Thursday, 18 October 2007. The interim dividend will be paid on Thursday, 1 November 2007.

Closure of Register of Members

The Register of Members of the Company will be closed from Tuesday, 16 October 2007 to Thursday, 18 October 2007, both days inclusive, during which period no transfer of shares will be effected. To be entitled to receive the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 pm on Monday, 15 October 2007.

Purchase, Sale or Redemption of Shares of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the financial period under review.

Corporate Governance

The Company is committed to fulfilling its responsibilities to shareholders and aims to protect and enhance shareholder value through solid corporate governance. Considerable efforts are devoted to identify and formalise best practices. The Group is committed to ensuring greater transparency and quality of disclosures. The Directors have been and will continue to uphold the appropriate standards of corporate governance within the Group, thereby ensuring all business is conducted in an honest, ethical and responsible manner and the proper processes for oversight of its businesses are in place, in operation and are regularly reviewed.

During the financial period under review, basically as previously mentioned in our 2006 annual report, none of the Directors was aware of information that would reasonably indicate that Company is not in compliance with the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors had confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2007.

Publication of Interim Results and Interim Report on the Website of the Company and of the Stock Exchange

The interim results announcement is published on the websites of the Company (www.dynasty-wines.com) and the Stock Exchange. The interim report containing all the information required by the Listing Rules will be dispatched to shareholders and will be available at the above websites in late September 2007.

By order of the board
Mr. Bai Zhisheng
Chairman

Hong Kong, 20 September 2007

As at the date of this announcement, the board of directors comprises 3 executive directors, namely, Mr. Bai Zhisheng, Mr. Nie Jiansheng and Mr. Chen Naiming, 6 non-executive directors, namely, Mr. Heriard-Dubreuil Francois, Mr. Wang Guanghao, Mr. Cheung Wai Ying, Benny, Mr. Zhang Wenlin, Mr. Wong Ching Chung and Mr. Robert Luc, and 3 independent non-executive directors, namely, Mr. Lai Ming, Joseph, Dr. Hui Ho Ming, Herbert and Mr. Chau Ka Wah, Arthur.

* *for identification purpose only*