


DYNASTY 2008 ANNUAL REVENUE UP 21% TO HK\$1.36 BILLION

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TIGHTENED COST CONTROL IMPROVED NATIONAL DISTRIBUTION NETWORK

Financial Highlights

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Revenue	1,360,859	1,123,327
Gross profit	721,711	578,873
Profit attributable to equity holders	143,079	126,326
Cash flow from operating activities	271,100	141,100
Gross profit margin	53%	52%
Net profit margin	11%	11%
Basic earnings per share (HK cents)	11.5	10.1
Final dividend per share (HK cents)	1.9	1.2

(Hong Kong, 22 April 2009) – Dynasty Fine Wines Group Limited (“Dynasty” or “the Group”) (Stock Code: 828), a leading grape wine producer in China, today announced its annual results for the year ended 31 December 2008.

For the year under review, revenue of the Group increased by 21% to 1.36 billion (2007: HK\$1.12 billion), with gross profit margin and net profit margin at 53% and 11% respectively. Profit attributable to equity holders were HK\$140 million. Basic earnings per share were 11.5 HK cents.

As at 31 December 2008, the Group had cash on hand amounting to approximately HK\$999 million, with no debt, thus was in a very healthy financial position.

Tightened cost control and the lower price of grape juice boosted the profit of the Group for the year and explained its solid financial position. The Board of Directors recommended payment of a final dividend of 1.9 HK cents per share (2007: 1.2 HK cents).

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Mr. Bai Zhisheng, Chairman and Executive Director of Dynasty, said, “The Group actively executed branding and marketing promotion strategies and exercised tight cost control during the year, these efforts had enabled us to maintain stable sales and recorded satisfactory growth in net profit amid keen competition in the market and the global financial turmoil in the second half of 2008.”

The Group sold 55.1 million bottles of wines in 2008, 13% more than year 2007 at an average ex-winery sales price slightly higher than last year’s HK\$23 per bottle. Red wine products remained as the Group’s primary revenue source, accounting for approximately 88% of its revenue. Dynasty Dry Red continued to be the bestseller, accounting for 35% of the Group’s revenue.

The Group continued to reinforce and expand its nationwide distribution network during the year and sold its products in all provinces, autonomous regions as well as directly-administered municipalities across China. Huadong region, comprising Shanghai city, Zhejiang and Jiangsu provinces, continued to be the Group’s primary markets. At the strengthened promotion effort of the Group, sales of products in other markets such as Tianjin city, Guangdong, Hubei and Fujian provinces also grew. Meanwhile, the Group is undergoing a branding strategy research, which will guide its mapping of more targeted brand management and sales management strategies for boosting the brand image and market position of **Dynasty**.

With grape wines becoming more and more popular in China and the preferences of Chinese consumers expand, the Group launched “Dynasty 5-star Icewine Reserve” in January 2009 to expand its wine offerings. The product has been well received by the market. Currently, the Group sells a diverse range of over 50 products under the “Dynasty” brand to different consumer segments especially the mid to high-end segments in the PRC grape wine 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 recorded encouraging growth during the year. The Group will increase the proportion of mid to high-end products in its sales mix according to market trend so as to boost profit.

To explore opportunities in overseas markets, the Group took part in Vinexpo Asia Pacific in Hong Kong in late May 2008. It introduced premium products at the event to international grape wine distributors, wine critics and other wine producers to enhance recognition of the **Dynasty** brand in overseas market.

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The utilization rate of its production capacity was at a very high level in 2008. To ensure it can promptly respond to demand in the booming market and also consolidate leadership, the Group forged on with its expansion plan targeting to raise production capacity to 70,000 tonnes equivalent to approximately 93.3 million bottles in the second half of 2009. In addition to working with grape farmers to enlarge their vineyards for better economies of scale and help them adopt state-of-the-art techniques to improve quality, the Group has also kept identifying new suppliers who can meet its quality requirements so as to ensure it has sufficient supply of quality grapes or grape juice.

Mr. Bai concluded, “Dynasty will be celebrating its 30th anniversary in 2010. For close to three decades, Dynasty has remained steadfast in ‘building a Chinese grape wine brand’ and producing premium grape wines. We are pleased to see the Chinese people becoming more health conscious and aspiring for higher quality of life as manifested in their taking on the habit of drinking grape wines. Heeding this trend, the Group will keep its eyes on suitable acquisitions and explore different ways to boost profitability with the aim of consolidating 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 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 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. Dynasty wines made the list of Best Selling Grape Wines in China published by the China Industry and Enterprise Information Centre ten times between 1997 and 2007. The Group was listed on the Main Board of the Stock Exchange of Hong Kong on 26 January 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 Grace Xu	Tel: 2864 4838	Email: grace.xu@sprg.com.hk
Mr Walter Chan	Tel: 2114 4954	Email: walter.chan@sprg.com.hk

Dynasty Fine Wines Group Limited
Consolidated Income Statement

	Year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Revenue	1,360,859	1,123,327
Cost of sales	(639,148)	(544,454)
Gross profit	721,711	578,873
Other income	28,660	46,569
Distribution costs	(442,272)	(339,211)
Administrative expenses	(90,823)	(105,015)
Operating profit	217,276	181,216
Share of (loss) / profit of an associate	(65)	67
Profit before income tax	217,211	181,283
Income tax expense	(73,270)	(54,668)
Profit for the year	143,941	126,615
Attributable to:		
Equity holders of the Company	143,079	126,326
Minority interests	862	289
	143,941	126,615
Final dividends (HK cents)	1.9	1.2
Basic earnings per share (HK cents)	11.5	10.1