

[For immediate release]



**DYNASTY 2010 INTERIM REVENUE UP 14% TO HK\$785 MILLION AND
NET PROFIT UP 18% TO HK\$114 MILLION**

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**ADOPTS VARIOUS GROWTH STRATEGIES
TO SUSTAIN LONG-TERM EXPANSION**

Financial Highlights (unaudited)

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Revenue	784,848	687,400
Gross profit	391,726	342,356
Profit attributable to equity holders	114,110	96,796
Basic earnings per share (HK cents)	9.2	7.8
Gross profit margin	50%	50%
Net profit margin	15%	14%
Dividend per share (HK cents)	3.3	2.8

(Hong Kong, 26 August 2010) – Dynasty Fine Wines Group Limited (“Dynasty” or “the Group”) (Stock Code: 828), a premier wine-maker in China, today announced its unaudited interim results for the six months ended 30 June 2010.

In the first half of 2010, the Group’s revenue increased by 14% to HK\$ 785 million (2009 – HK\$687 million). Gross profit margin and net profit margin were 50% and 15% respectively. Profit attributable to equity holders of the company rose by 18% to HK\$114 million (2009 – HK\$97 million). Basic earnings per share were HK9.2 cents. As at 30 June 2010, the Group’s cash and cash equivalents amounted to HK\$747 million and there was no debt.

The Group is in a strong financial position, and has a solid equity base. Being generally positive about its business outlook, the Board of Directors resolved to pay an interim dividend of 3.3 HK cents per share.

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The total number of bottles of wine sold increased to 32.1 million in the first half year of 2010 (2009: 27.3 million). Red wine products remained as the primary revenue source of the Group, accounting for 84% of its total revenue (2009: 83%). Dynasty Dry Red continued to be the bestseller, accounting for 36% of the Group's revenue (2009: 27%). The average selling price was slightly lower than the average price of HK\$25.1 per bottle (750ml) for the corresponding period in 2009 due to offering more trade discounts to specific distributors to expand the distribution network beyond the Huadong region, especially in the second- and third-tier cities within the PRC.

The Group continued to expand its nationwide distribution network to other regional markets such as in the southern region of China (including Guangdong, Fujian, Guangxi and Hainan provinces). Sales in those markets grew substantially and the Group also sold its products in all provinces. The Group has developed an e-commerce business by setting up its first-ever online platform – www.i9wang.com (王朝愛酒網) to further expand its sales channels and develop a new customer base. Customers can place orders via the internet at this website for Dynasty wines as well as the Group's imported wines anywhere and anytime. Since the operating cost for the website is relatively low, the Group enjoys a higher gross profit margin on e-commerce business.

In addition with the first "Dynasty Club" debuting in Shanghai in December 2009 and its first retail shop opened in the Huangpu District of Shanghai, Dynasty launched two more retail shops in Tianjin during early August and officially introduces "Chateau Dynasty" in mid-October. The Group intends to open an increasing number of similar establishments elsewhere after the business model has proven successful. To mark Dynasty's 30th Anniversary and the opening of Chateau Dynasty, the premium Dynasty Merlot series and ultra-premium Chateau Dynasty wine are to be launched in order to further consolidate the leading position of Dynasty's premium category in the market.

Mr. Bai Zhisheng, Chairman and Executive Director of Dynasty said, "As the economy steadily grew, the overall business performance was promising. The Group embarked on various initiatives to take advantage of the favorable environment during the review period. It collaborated with a leading wine merchant in France enabling Dynasty to approach the international market, while domestically it opened two more Dynasty retail shops for direct selling and launched its online sales platform during the review period. These initiatives together with the new products launched, premium Dynasty Merlot series and ultra-premium Chateau Dynasty wine in the second half of the year, believed will boost sales. "

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To consistently produce high quality wines, it is crucial to ensure a sufficient supply of quality grapes or grape juice. Currently, the Group has more than 10 major grape juice suppliers of long standing, mainly located in Tianjin, Shandong, Hebei, Ningxia and Xinjiang. The Group has also considered importing grape juice from overseas, applying the same stringent quality requirements it uses in the PRC. As its existing production facilities have almost reached full capacity, the Group has begun to build new production and research and development facilities in its Tianjin winery. The new facilities are scheduled to be in operation during the last quarter of 2010. By then its annual production capacity will 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 prompt response to market demand and sustained expansion.

Mr. Bai concluded, “With the rising disposable income of a greater number of consumers aspiring to status as well as the trappings of upper class pleasures, the sales of premium Dynasty and imported wines will grow and become major growth drivers for our future development. To increase its market share and continue its expansion, the Group has implemented various growth strategies, such as upgrading the product mix, extending sales channels and networks, evaluating appropriate acquisition opportunities and distributorships for foreign brand wines. In this way, the Group aims to sustain long-term growth and deliver greater value to shareholders and consumers.”

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 100 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. 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. In 2009, it was awarded the Credible Enterprise of China Accreditation 2010-2012 and was named second runner-up in the food and beverages industry category in China of The Most Promising Companies by The Asset. In 2010, Dynasty achieved Top Ten Greatest Satisfaction Brands in China Award organized by China General Chamber of Commerce and the Most Innovative and Competitive Brand in China’s Liquor Industry organized by China Wine Magazine.

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 Janice Au	Tel: 2864 4874	Email: janice.au@sprg.com.hk
Ms Vivienne Leung	Tel: 2864 4846	Email: vivienne.leung@sprg.com.hk
Ms Alice Kwok	Tel: 2864 4838	Email: alice.kwok@sprg.com.hk

Dynasty Fine Wines Group Limited
Condensed Consolidated Income Statement

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Revenue	784,848	687,400
Cost of sales	(393,122)	(345,044)
Gross profit	391,726	342,356
Other income	17,717	15,565
Distribution costs	(202,633)	(185,696)
Administrative expenses	(51,725)	(40,586)
Operating profit	155,085	131,639
Share of loss of an associate	(529)	(250)
Profit before income tax	154,556	131,389
Income tax expense	(41,020)	(33,931)
Profit for the period	113,536	97,458
Attributable to:		
Equity holders of the Company	114,110	96,796
Non-controlling interests	(574)	662
	113,536	97,458
Dividends (HK cents)	3.3	2.8
Basic earnings per share (HK cents)	9.2	7.8