



DYNASTY 2010 REVENUE UP 9% TO HK\$1.615 BILLION

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GRAND OPENING OF CHATEAU DYNASTY PROMOTES BRAND VALUE AND LEADS THE WINE CONSUMPTION TRENDS

Financial Highlights

	Year Ended 31 December		
	2010 HK\$'000	2009 HK\$'000	Changes
Revenue	1,614,610	1,482,542	+9%
Gross profit	812,703	755,501	+8%
Profit attributable to equity holders	158,808	156,122	+2%
Gross profit margin	50%	51%	-1ppt
Net profit margin	10%	11%	-1ppt
Basic earnings per share (HK cents)	12.7	12.5	
Final dividend per share (HK cents)	2.8	3.1	

(Hong Kong, 29 Mar 2011) – Dynasty Fine Wines Group Limited (“Dynasty” or “the Group”) (Stock Code: 828), a premier winemaker in China, today announced its audited annual results for the year ended 31 December 2010.

For the year under review, due to growth in sales volume as a result of the proactive expansion of its sales distribution network, revenue of the Group rose by 9% to HK\$1.615 billion and its profit attributable to equity holders also increased by 2% to HK\$159 million. Earnings per share were HK12.7 cents based on the weighted average number of 1.246 billion (2009: 1.245 billion) shares in issue. The Group’s cash and cash equivalents, and fixed deposits amounted to HK\$954 million and there was no debt.

Taking into account the Group’s strong financial position, the Board has recommended the payment of a final dividend of HK2.8 cents per share for the year ended 31 December 2010.

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Mr. Bai Zhisheng, Chairman and Executive Director of Dynasty, said, “Dynasty has achieved a stable growth in sales volume in 2010, which contributed to the growth in earning results. During the year, we have been dedicated to expanding our sales network and strengthening our brand, and we are pleased with our achievements here. We have confidence in the future of our business coupled with the rising popularity of and demand for wines in the PRC. Meanwhile, we are alert to the challenges that persist or could emerge, including fierce market competition and further rises in wages and other overhead expenses.”

The total number of bottles of wine sold by Dynasty rose from approximately 57.4 million in 2009 to approximately 63.2 million in 2010. Sales of red wines continued to be the Group’s main revenue contributor, accounting for approximately 82% of the total revenue of the Group for the year. Sales of premium wine products, such as Dynasty Merlot Dry Red Wine Reserve, Dynasty Dry Red Wine — Reserve and Dynasty White Wine — Reserve recorded encouraging growth during the year and were greeted enthusiastically by the market. In particular, Dynasty Dry Red, the prototype product for the mass market, remained as its best selling label, accounting for approximately 39% of the Group’s revenue. The Huadong region including Shanghai city and Zhejiang and Jiangsu provinces has remained as the Group’s strongest market. By extending the sales network and expanding our sales teams to other regional markets such as in the south, including Guangdong, Fujian, Guangxi and Hainan provinces, sales in those markets also grew substantially.

To cater for a niche market with customers preferring the taste of foreign premium wines, the Group has set up a wholly-owned subsidiary in China, Tianjin Dynasty International Winery Ltd, dedicated to the distribution of imported foreign wine in the PRC. In the face of rising disposable incomes of consumers and the aspiration to a higher quality of life and enjoyment, an observable increase in sales of Dynasty’s premium wines and imported wines is foreseen.

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After opening its first self-operated retail shop in Shanghai at the end of 2009, Dynasty has set up two more in Tianjin and one franchised retail shop in Qingdao in 2010. Through these sales channels, the Group can introduce the grape wine culture to more people and promote the trend towards wine consumption in these cities. At the same time, these outlets extend our market influence, bring greater promotional attention to the brand and heighten our leading presence in the PRC. On the other hand, the Group has developed an e-commerce business in 2010 by setting up an efficient online platform — www.i9wang.com (王朝愛酒網) and co-operating with bloggers to further expand our sales and marketing channels as well as develop a new customer base. Research suggested the online trading business in China should grow steadily in the coming years as the country already has the world's largest population of Internet users. Thus Dynasty plans to engage in active marketing for the brand via various new media and promotional channels.

To capitalise on the fast growing wine market, the Group has built new production and research and development facilities at its Tianjin winery. The related construction of new facilities was completed in October 2010, thus the Group's annual production capacity increased from 50,000 tonnes (approximately 66.7 million bottles) to 70,000 tonnes (approximately 93.3 million bottles). The Group will commission a preliminary study for the next phase of production capacity expansion.

The year 2010 marked the 5th anniversary of the Group's listing on the Hong Kong Stock Exchange and the 30th anniversary of Dynasty. The Group held a series of marketing activities and events to celebrate the occasion and to build up its brand image and popularity. To highlight a few:

- ◆ Official activities celebrating the 5th anniversary of the Group's listing in Hong Kong aboard the aptly named cruise liner "Grand Cru"
- ◆ Selected as the "Most Innovative and Competitive Brand in China's Liquor Industry" by the *China Wine Magazine*
- ◆ Participated in "Vinexpo Asia-Pacific 2010" as part of a global marketing and promotion campaign
- ◆ Awarded "Top Ten Greatest Satisfaction Brands in China" by China General Chamber of Commerce, marking another high profile acknowledgement of the Group's quality brand

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- ◆ The launch of Dynasty's latest Merlot series of wines created to commemorate the 30th anniversary
- ◆ Hosted visits to the Group's "Chateau Dynasty" and wine tasting events in the underground wine cellar for several international VIPs and groups including,
 - Mr. Michel Rolland, world-renowned oenologist
 - Ms. Cristeta Pasia Comerford, a delegate of World Association of Chefs' Societies, as well as the Executive Chef of the White House
 - Delegates of the World Economic Forum
- ◆ Collaboration with Hainan Airlines in arranging the maiden voyage of the "Dynasty" aircraft, which is the first of its kind in the industry
- ◆ Hosted the spectacular grand opening of "Chateau Dynasty", a traditional European-style wine chateau in Tianjin, which is an integrated complex of R&D facilities, museums, galleries, restaurants, accommodations and tourist attractions
- ◆ Mr. Bai Zhisheng, Chairman and Executive Director of the Group, has been honoured with selection in the "Asia Pacific Entrepreneurship Awards 2010 – China" by Enterprise Asia to recognise his contribution to the Group and the grape wine industry in China, which further demonstrates wider recognition of the Group and the management for their outstanding operations and executive leadership

Mr. Bai concluded, "Our strategic focus is to leverage our brand equity and to continue to strengthen and expand sales channels. We plan to establish approximately 100 franchised retail shops over the country in order to accelerate business growth and fortify our leading market position. Looking to 2011 and beyond, the Group is confident we can effectively execute our growth strategy by upgrading the product mix, expanding sales channels and networks, evaluating acquisition opportunities and arranging distributorships for foreign branded wines to sustain long-term growth and deliver greater value to shareholders and consumers."

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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. 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 and in 2009, was awarded the Credible Enterprise of China Accreditation 2010-2012. Dynasty wines made the list of Best Selling Grape Wines in China published by the China Industry and Enterprise Information Centre 13 times between 1997 and 2010. The Group was listed on the Main Board of the Stock Exchange of Hong Kong on 26 January 2005. In 2009, the Group was named second runner-up in the food and beverages industry category in China of The Most Promising Companies by The Asset.

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Dynasty Fine Wines Group Limited Consolidated Income Statement

	Year Ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Revenue	1,614,610	1,482,542
Cost of sales	(801,907)	(727,041)
Gross profit	812,703	755,501
Other income	24,715	23,073
Distribution costs	(491,021)	(467,965)
Administrative expenses	(118,705)	(97,831)
Operating profit	227,692	212,778
Share of loss of an associate	(1,372)	(451)
Profit before income tax	226,320	212,327
Income tax expense	(69,259)	(55,456)
Profit for the year	157,061	156,871
Attributable to:		
Equity holders of the Company	158,808	156,122
Non-controlling interests	(1,747)	749
	157,061	156,871
Final dividends (HK cents)	2.8	3.1
Basic earnings per share (HK cents)	12.7	12.5