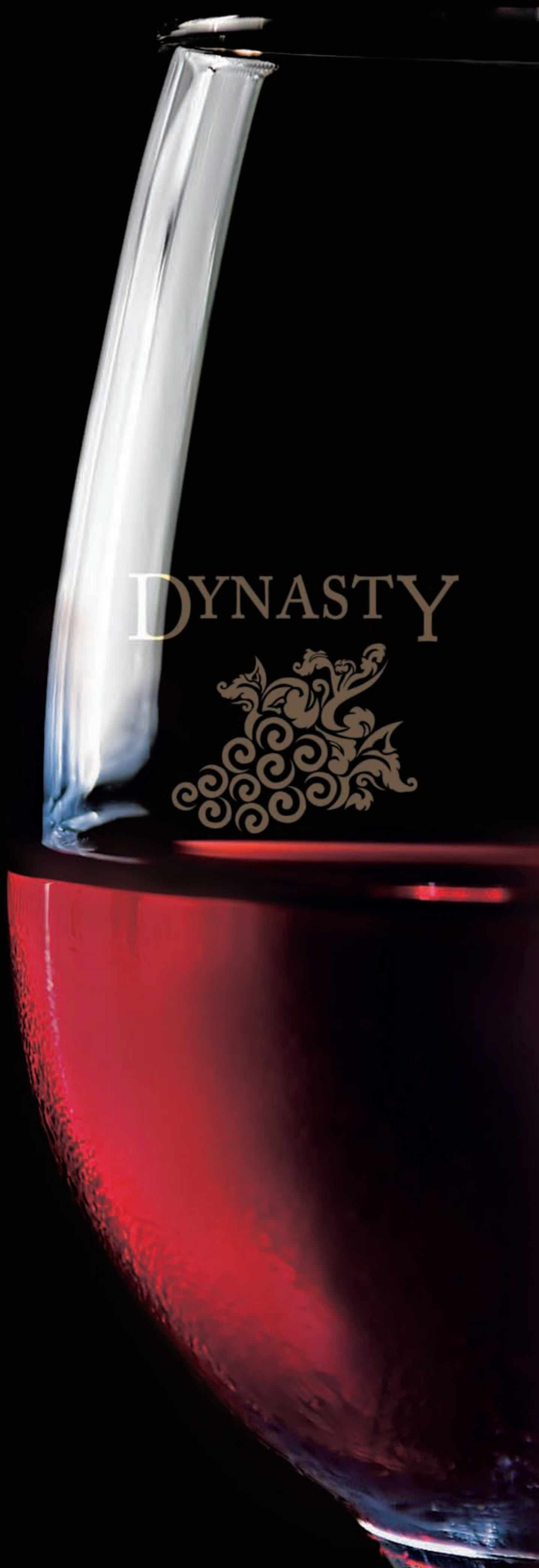


Interim Report 2009
中期報告

Dynasty Fine Wines Group Limited
王 朝 酒 業 集 團 有 限 公 司
Stock Code 股份代號：828

"We keep on providing all consumer strata high quality and "excellent value for money" wines"

「我們持續為不同類型的消費者提供物超所值的優質葡萄酒」

Contents

Corporate Profile

Dynasty is a leading premier winemaker with a dominant presence in the PRC wine market. Our brand name, "Dynasty", was recognised as a well-known trademark by the State Administration for Industry and Commerce of the PRC. For eleven of the twelve years between 1997 and 2008, Dynasty was granted "The Certificate of Best Selling Grape Wines" in the PRC by the China Industry and Enterprise Information Centre.

Dynasty has inherited the fine traditions and state-of-the-art expertise in winemaking from Remy Cointreau, one of the world's leading wine and spirits operators and our second largest shareholder ever since Dynasty's inception. From grape growing, harvesting, to every single step of winemaking, Dynasty believes in quality. The entire production process is under stringent quality control to ensure the highest standards of our products. In recognition of our high standards, we were accredited with certificates of ISO 9002 in 1996, ISO 14001 in 2000, ISO 9001: 2000 in 2002 and HACCP Certificate in 2006.

Dynasty has a diversified product portfolio, catering to various price segments and consumer tastes and preferences. We now make and sell over 50 types of wine products in five main categories, namely red wines, white wines, sparkling wines, icewine and brandy.

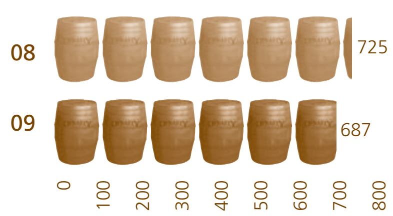
Over the years, Dynasty has sustained a strong financial performance and generated excellent returns for its shareholders. On 26 January 2005, Dynasty was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited with the stock code 828. Having strong support from our major shareholders — Tianjin Development Holdings Ltd. (882) and Remy Cointreau, Dynasty keeps on providing all consumer strata high quality and "excellent value for money" wines. With enhanced facilities and continual marketing efforts, Dynasty is well positioned to capture the robust growth potential of the Chinese wine market. We will build a stronger Dynasty for the future of all our stakeholders.

Financial Highlights

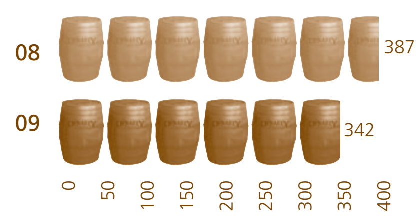
	For the six months ended 30 June (unaudited)		
	2009 HK$'000	2008 HK$'000	**Changes**
Revenue	**687,400**	725,247	–5%
Gross profit	**342,356**	387,270	–12%
Profit attributable to equity holders of the Company	**96,796**	120,067	–19%

	2009	2008	**Changes in percentage point**
Gross margin	**50%**	53%	–3%
Net profit margin	**14%**	17%	–3%

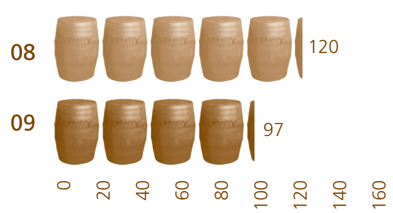
Revenue
HK$ million



Gross profit
HK$ million



Profit attributable to equity holders of the Company
HK$ million



Corporate Information

Board of Directors

Executive Directors

Mr. BAI Zhisheng
Mr. GAO Feng

Non-Executive Directors

Mr. HERIARD-DUBREUIL Francois
Mr. ZHENG Daoquan
Mr. Jean-Marie LABORDE
Mr. ZHANG Wenlin
Mr. WONG Ching Chung(&)
Mr. ROBERT Luc

Independent Non-Executive Directors

Mr. LAI Ming, Joseph(#)(&)
Dr. HUI Ho Ming, Herbert(#)(&)
Mr. CHAU Ka Wah, Arthur(#)(&)

Audit committee members
& *Remuneration committee members*

Company Secretary

Mr. YEUNG Chi Tat

Authorised Representatives

Mr. ZHANG Wenlin
Mr. YEUNG Chi Tat

Legal Advisers

Hong Kong

Kirkpatrick & Lockhart Preston Gates Ellis

Cayman

Conyers Dill & Pearman, Cayman

The People's Republic of China

Global Law Office

Auditor

PricewaterhouseCoopers

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business

Hong Kong Office

Suite 5506, 55/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

Tianjin Office

No. 29 Jinwei Road, Bei Chen District
Tianjin City, PRC

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. BOX 513GT, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Bankers

Bank of China
China Construction Bank
China Everbright Bank
Commercial Bank
Industrial and Commercial Bank of China
Mizuho Corporate Bank
The Hongkong & Shanghai Banking Corporation

Investor Relations Consultant

Strategic Financial Relations (China) Limited

Company Website

http://www.dynasty-wines.com

Share Information

Listing date	26 January 2005
Stock name	Dynasty Wines
Nominal value	HK$0.1
Number of issued shares	As at 30 June 2009 1,245,000,000 shares
Board Lot	2,000 shares

Stock Code

The Stock Exchange of Hong Kong	00828
Reuters	0828.HK
Bloomberg	828:HK

Financial year-end date

31 December

Our revenue dropped by 5% to HK$687 million and profit attributable to equity holders of the Company decreased by 19% to HK$97 million

Interim results

The Board of Directors (the "Directors") of Dynasty Fine Wines Group Limited (the "Company") presents herewith the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009. The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2009 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. These results have also been reviewed by the Audit Committee. All Audit Committee members, including the chairman of the committee are independent non-executive directors.

The Group's revenue for the six months ended 30 June 2009 amounted to HK$687 million (2008 — HK$725 million), representing a decrease of 5% as compared with the same period last year and profit attributable to equity holders of the Company was HK$97 million (2008 — HK$120 million), representing a decrease of 19%.

Earnings per share of the Company ("Share") for the six months ended 30 June 2009 reached HK7.8 cents (2008 — HK9.6 cents) per Share based on the weighted average number of 1,245,000,000 (2008 — 1,245,000,000) Shares in issue during the period. There is no dilutive potential share for the six months ended 30 June 2009.

The financial results for the first half of 2009 were primarily attributable to the decrease in gross profit from contracted sales volume and gross profit margin. With the Group in a strong financial position and having a solid equity base, the Directors have resolved to recommend payment of an interim dividend of HK2.8 cents (2008 — HK3.5 cents) per Share.

Financial review

Revenue

Revenue of the Group represents proceeds from sale of wine products. For the six months ended 30 June 2009, it decreased by 5% to approximately HK$687 million from approximately HK$725 million for the corresponding period in 2008. The decrease in revenue was the result of a decrease in sales volume.

The average ex-winery sales price of red and white wine products during the period under review was slightly higher than the average price of HK$24.7 per bottle (750 ml) in 2008, reflecting the rise in average ex-factory sales price of certain grape wine products by the end of April 2008. With consumers in the PRC having a prevalent preference for red wines, the Group is able to set higher prices for its red wine products and therefore the average ex-winery sales price of red wine products of the Group are generally higher than that of its white wine products.

Cost of sales

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

	For the six months ended 30 June	
	2009	2008
	%	%
Cost of raw materials		
— Grapes and grape juice	**38**	36
— Yeast and additives	**3**	2
— Packaging materials	**26**	27
— Others	**2**	2
Total cost of raw materials	**69**	67
Manufacturing overheads	**13**	12
Consumption tax	**18**	21
Total cost of sales	**100**	100

The principal raw materials required by the Group are grapes, grape juice, yeast and additives as well as packaging materials including bottles, bottle caps, labels, corks and packing boxes. For the six months ended 30 June 2009, the cost of grapes and grape juice was the key component of cost of sales and accounted for approximately 38% of the Group's total cost of sales, representing an increase of 2% from approximately 36% in the corresponding period in 2008, because of an increase in average cost of grapes and grape juice. During the period under review, the total cost of packaging materials to revenue remained relatively stable as compared with the corresponding period in 2008.

Manufacturing overheads primarily consist of depreciation, rental of property, plant and equipment, supplies, utilities, repair and maintenance expenses, salaries and related personnel expenses for the production and related departments and other incidental expenses in relation to production. With comparison to revenue for the period under review, the related ratio was relatively stable as compared with the corresponding period in 2008.

Gross profit margin

Margin is calculated based on cost of sales inclusive of consumption tax and gross invoiced sales. The overall gross profit margin of the Group was 50% for the six months ended 30 June 2009, a decrease of 3 percentage points from 53% for the corresponding period in 2008 because of higher purchase cost of grape juice, especially that for winemaking white wine products, and increase in sales of white wine products as compared to the first half year of 2008. The gross margin of red wine products and white wine products in the first half year of 2009 were 52% and 39% respectively (2008 — 55% and 43% respectively). The higher sales prices and lower cost of raw materials of red wine products explained the higher gross margin of the products.

Other income

Other income for the six months ended 30 June 2009 dropped by 10% to HK$15.6 million (2008 — HK$17.2 million), mainly attributable to:

(1) Decrease in interest income from lower interest rates for bank deposits; which was offset by

(2) Increase in government grant to HK$9.4 million (2008 — HK$5.7 million) for a subsidiary in the PRC to encourage technological development and improvement in winemaking.

Distribution costs

Distribution costs comprise mainly advertising and market promotion expenses, transportation and delivery charges in connection with the sales of grape wine products, salaries and related personnel expenses of the sales and marketing departments and other incidental expenses. For the six months ended 30 June 2009, distribution costs accounted for approximately 27% (2008 — 27%) of the Group's revenue with advertising and market promotion expenses alone to the Group's revenue at approximately 18% (2008 — 18%). These percentages were relatively stable, demonstrating the effectiveness of the management in monitoring and controlling sales and marketing spending.

Administrative expenses

Administrative expenses primarily comprise salaries and related personnel expenses of the administrative, finance and human resources departments, net exchange loss, depreciation and amortisation expense and other incidental administrative expenses.

During the period under review, administrative expenses as a percentage of the Group's revenue remained stable at 6% (2008 — 6%) compared with the corresponding period last year.

Income tax 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 PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the enterprise income tax rate for all the subsidiaries of the Company incorporated in the PRC had been unified at 25% effective from 1 January 2008. During the period under review, the effective tax rate of the Group decreased to approximately 26% (2008 — 27%) mainly because of over-provision of taxation in prior year.

Cash flow

In the first half year of 2009, investing activities were the Group's main source of cash outflow. Cash was mainly used to pay for acquisition of plant and equipment and 2008 final dividends to shareholders.

The decrease in cash flow from operating activities from inflow of HK$176.3 million in the first half year of 2008 to outflow of HK$21.5 million in the first half year of 2009 was mainly attributable to the decrease in gross profit and the effects of changes in working capital, mainly increase in trade receivables and decrease in trade payables, other payables and accrual.

Net cash used in investing activities amounted to approximately HK$397.8 million (2008 — HK$57.0 million), primarily related to placement of fixed deposits with maturity over 3 months and acquisition of plant and equipment pursuant to our expansion plan.

Net cash outflow in financing activities comprised primarily payment of dividends to shareholders of approximately HK$23.7 million (2008 — HK$14.9 million).

Financial management and treasury policy

As at 30 June 2009, except for the net proceeds from the placing and public offer in 2005, the Group's revenues, expenses, assets and liabilities were substantially denominated in Renminbi ("RMB"). The Group has progressively remitted the net listing proceeds from Hong Kong to the PRC and converted them into RMB shortly after remittance. The remaining unremitted net proceeds 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. The Company also pays dividends in Hong Kong dollars when dividends are declared. The Company does not implement any hedging or other derivatives against foreign exchange risk. Although the Group's operation currently does not generate any significant foreign currency exposure, we will continue to closely monitor the foreign currency movement.

Armed with sufficient financial resources and in a net cash position with no borrowing, the Group is exposed to minimal financial risk from interest rate fluctuation.

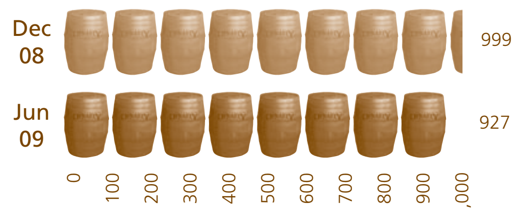
The purpose of the Group's investment policy is to ensure the investment of uncommitted funds achieves the highest practicable returns while heeding the need to preserve capital and assure liquidity.

Liquidity and financial resources

As at 30 June 2009, the Group's cash and cash equivalents, and fixed deposits amounted to HK$927 million. It has a strong cash position for satisfying working capital requirements of business operations and capital expenditures. New investment opportunities, if any, will be funded by the Group's internal resources.

Cash and Cash Equivalents and Fixed Deposits

HK$ million



Capital structure

As at 30 June 2009, the Group had no borrowing and was in a significant net cash and liquid position, reflecting its sound capital structure. The net proceeds raised from the placing and public offer in 2005 have 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 2009 was approximately HK$2,216 million.

Gearing ratio

As at 30 June 2009, the Group remained financially sound with strong liquidity and had no long-term debts with total equity before minority interests of the Group amounted to approximately HK$1,802 million. The Group's gearing ratio, expressed as a ratio of total long-term debts to total equity before minority interests, as at 30 June 2009 was nil (2008 — nil).

Capital commitments, contingencies and charges on assets

The Group made capital expenditure commitments including approximately HK$94.0 million that were authorised but not contracted for and approximately HK$21.9 million contracted but not provided for in the financial statements as at 30 June 2009. These commitments were required mainly to support the Group's production capacity expansion. The funding of such capital commitments will be paid out of the net proceeds from placing and public offer as stated in the listing prospectus dated 17 January 2005.

As at 30 June 2009, the Group had no contingent liabilities and none of the Group's assets was pledged except for restricted cash amounting HK$59 million pledged as security for the two Transactions described in the section headed "New sales channel" under business review below and Note 16 to the condensed financial information.

Material acquisitions and disposals of subsidiaries and associated companies

The Group did not make any other material acquisitions or disposal of subsidiaries and associated companies during the six months ended 30 June 2009.

Use of proceeds

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 January 2005. The net proceeds from the placing and public offer amounted to approximately HK$724 million. The planned usage and actual amounts spent are as follows:

Use	**Usage as announced** HK$ million	**Actual progress** HK$ million
Expansion of existing production facilities	200	200
Establishment of new production facilities	160	117
Expansion of sales and distribution network	20	—
Acquisition of Smiling East	47	47
Other acquisition opportunities and general working capital	297	42
Total	724	406

Unutilised net proceeds have been placed as bank deposits with authorised financial institutions.

Future plans for material investments or capital assets

To ensure its long term development, the Group will explore appropriate acquisition opportunities that offer higher returns to the Group and its shareholders.

Business review

Sales analysis

(A) *Existing sales channels*

For the six months ended 30 June 2009, sales volume of the Group dropped as compared to the same period of 2008 because of poor consumption sentiment and deteriorating business environment after global financial crisis hit in the second half year of 2008 and keen competition in the market. The total number of bottles of wine sold decreased from approximately 29.6 million in the first half year of 2008 to approximately 27.3 million in the first half year of 2009. Red wines, the major revenue contributor of the Group, accounted for approximately 83% of the total revenue of the Group for the period (2008 — 90%). Dynasty Dry Red, the prototype product for the mass market, continued to be the Group's best selling label accounting for approximately 27% of the Group's revenue (2008 — 36%).

During the period under review, we continued to expand and strengthen our nationwide and extensive distribution network, which supported sales of products of the Group 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) including Shanghai city, Zhejiang and Jiangsu provinces remained as the Group's strongest markets. Sales in other regional markets, such as Beijing and Tianjin cities, Hunan and Fujian provinces, etc., in the PRC also grew. The Group reported export sales accounting for 0.1% (2008 — 0.1%) of its total revenue during the period.

The Group offers a range of over 50 wine products under the "Dynasty" brand to meet demands of consumer mainly in the medium to high end segments in the PRC wine market. During the period under review, 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, Dynasty 5-star Icewine Reserve, recorded encouraging growth. In addition, the Group also sold foreign brand wines imported from Europe in the PRC wine market through the Group's existing distribution network so as to cater for a niche market with customers preferring the taste of foreign premium wine products only. These products contributed relatively insignificant to our revenue during the first half year of 2009, but we believe the sales of premium Dynasty and imported products will grow and these products will become major growth drivers for our business in the future. To sustain its growth, the Group will continue to actively promote them to high end market.

(B) *New sales channels*

To explore new sales channels and develop new customer base, the Group forged with financial institutions (the "FI") in the PRC to produce and sell two premium red wine products to the FI's customers under the prescribed terms and format of the FI (the "Transactions") during the period under review. The aggregate consideration of the Transactions amounted to HK$59 million which has been received by the Group as of period end. Upon maturity of the Transactions, customers can select either cash settlement with fixed rate of interest or physical delivery of the wine at a predetermined price. In accordance with the terms of the Transactions, the Group recognised current and non-current financial liabilities of about HK$47 million and HK$12 million, respectively as at 30 June 2009.

Supply of grapes or grape juice

To produce wine products of consistent high quality, the Group needs sufficient supply of quality grapes or grape juice. Currently, we have over 10 major grape juice suppliers, located mainly in Tianjin, Shandong, Hebei and Ningxia, with whom we have long-term and stable relationship. To ensure we have reliable and solid supply of quality grapes and grape juice to meet the needs of our growing business and fill our expanding production capacity, the Group continues to actively work with grape growers to enlarge their existing vineyards aiming for better economies of scale and equip their vineyards with state-of-the-art techniques for assuring quality. The Group has also kept identifying new suppliers who can meet its quality requirements and thorough tests will be conducted on their grape juice before orders are placed. Such measures have ensured we have access to quality grape and grape juice supplies and also lower the risk of bad harvest interrupting production. The Group has also been looking into importing grape juice from overseas applying the same stringent quality requirements it has on suppliers in the PRC.

Production capacity

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. Related construction works are underway with completion expected in the last quarter of 2009. 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) to promptly respond to market demand and consolidate its market position.

Employees and remuneration policies

The Group employed a workforce of 436 (including Directors) in Hong Kong and the PRC. The total salaries and related costs (including Directors' fees) incurred for the six months ended 30 June 2009 amounted to approximately HK$37 million (2008 — HK$34 million). The Group offers competitive remuneration packages commensurate with industry level and provides various fringe benefits, including trainings, medical and insurance coverage, and retirement benefits to all employees in Hong Kong and the PRC. Employees are encouraged to attend external professional and technical seminars, and other training programmes and courses to improve their business acumen, technical knowledge and skills and market awareness. The Group reviews its human resources and remuneration policies periodically with reference to local legislations, market conditions, industry practice and performance of the Group and individual employees.

The Company also adopted a share option scheme ("Share Option Scheme") on 6 December 2004 for the purpose of providing incentives and rewards to eligible participants to encourage contribution to the business success and growth of the Group. As at 30 June 2009, 14,400,000 share options were granted and outstanding under the scheme.

Outlook

Looking ahead, the Group maintains the optimistic about the prospects of the PRC economy and its business with the PRC government putting its weight behind the economy. With trends of the Group's revenue growth improving significantly in the second quarter of 2009, the Group will continue to improve the revenue and profitability by expanding sales networks, especially in second tier cities in the PRC; by strengthening the management on distributors through active participation in exploration and development of new sales channels and customers so as to enlarge market share; and by its strict cost control management. The management and staff of the Group are confident in the business development prospects and performance to be achieved in the second half of the year.

Interim Dividend

The Directors are pleased to declare an interim dividend of HK2.8 cents per Share. The interim dividend will be paid on 15 October 2009 to shareholders whose names appear on the Register of Members on 2 October 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Tuesday, 29 September 2009 to Friday, 2 October 2009, both days inclusive, during which period no transfer of shares will be effected. To entitle for 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 p.m. on Monday, 28 September 2009.

Share Option Scheme

Details of the Company's Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2008. Share options are granted to Directors and employees of the Group to provide incentive and/or reward for their contribution to, and continuing efforts in promoting the interest of the Group. Details of the share options granted, exercised, lapsed and cancelled under the Share Option Scheme during the period and outstanding as at 30 June 2009 are as follows:

	Outstanding options held at 1 January 2009 (Note 1)	Granted	Exercised	Forfeited	Outstanding options held at 30 June 2009 (Note 1)	Approximate percentage of issued share capital of the Company
Executive Directors:						
Mr. Bai Zhisheng	2,300,000	—	—	—	2,300,000	0.18%
Mr. Chen Naiming (passed away on 23 January 2008)	2,100,000	—	—	(2,100,000)	—	—
Non-executive Directors:						
Mr. Heriard-Dubreuil Francois	1,200,000	—	—	—	1,200,000	0.10%
Mr. Cheung Wai Ying, Benny (Resigned on 10 February 2009)	900,000	—	—	(900,000)	—	—
Mr. Zhang Wenlin	900,000	—	—	—	900,000	0.07%
Mr. Wong Ching Chung	900,000	—	—	—	900,000	0.07%
Mr. Robert Luc	900,000	—	—	—	900,000	0.07%
Independent Non-executive Directors:						
Mr. Lai Ming, Joseph	500,000	—	—	—	500,000	0.04%
Dr. Hui Ho Ming, Herbert	500,000	—	—	—	500,000	0.04%
Mr. Chau Ka Wah, Arthur	500,000	—	—	—	500,000	0.04%
Other employees	6,700,000	—	—	—	6,700,000	0.54%
Total	17,400,000	—	—	(3,000,000)	14,400,000	1.15%

Note 1: These share options (except for the 1,200,000 share options granted to Mr. Bai Zhisheng and 1,500,000 share options granted to the independent non-executive directors) were granted on 27 January 2005, with an exercise price of HK$3.00 and are exercisable from 17 August 2005 to 26 January 2015. 1,200,000 share options were granted to Mr. Bai Zhisheng on 1 November 2006 with an exercise price of HK$3.00 and are exercisable from 22 May 2007 to 31 October 2016. 1,500,000 share options were granted to the independent non-executive directors on 16 January 2008 with an exercise price of HK$2.91 and are exercisable from 6 August 2008 to 15 January 2018.

Directors' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 30 June 2009, the interests and short positions of the Directors, chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), and as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Rights to acquire Shares

The interests of the Directors in the share options of the Company as beneficial owner are set out in the section headed "Share Option Scheme" above.

Except as set out above, as at 30 June 2009, none of the Directors, chief executives and their respective associates has any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), and as recorded in the registrar required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as disclosed in this report, at no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangements to enable the Directors or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2009, so far as was known to the Directors or chief executive of the Company, the interests or short positions of every person, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in Shares

Name	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital
Famous Ever Group Limited (Note 1)	Beneficial owner	558,000,000	44.82%
Tianjin Development Holdings Limited (Note 1)	Interest of a controlled corporation	558,000,000	44.82%
Tianjin Investment Holdings Limited (Note 2)	Interest of a controlled corporation	558,000,000	44.82%
Tsinlien Group Company Limited (Note 3)	Interest of a controlled corporation	558,000,000	44.82%
Remy Pacifique Limited (Note 4)	Beneficial owner	336,528,000	27.03%
Remy Concord Limited (Note 4)	Interest of a controlled corporation	336,528,000	27.03%
Remy Cointreau Services S.A.S. (Note 4)	Interest of a controlled corporation	336,528,000	27.03%
Remy Cointreau S.A. (Note 4)	Interest of a controlled corporation	336,528,000	27.03%
Orpar S.A. (Note 4)	Interest of a controlled corporation	336,528,000	27.03%
Andromede S.A. (Note 4)	Interest of a controlled corporation	336,528,000	27.03%

Notes:

(1) Famous Ever Group Limited is a wholly owned subsidiary of Tianjin Development Holdings Limited ("Tianjin Development"). By virtue of the SFO, Tianjin Development is deemed to be interested in the Shares held by Famous Ever Group Limited.

(2) Tianjin Investment Holdings Limited ("Tianjin Investment") owns 53.21% shareholdings in Tianjin Development. By virtue of the SFO, Tianjin Investment is deemed to be interested in the interest of Tianjin Development in the Shares.

(3) Tianjin Investment is a wholly owned subsidiary of Tsinlien Group Company Limited, the ultimate holding company of Tianjin Development. By virtue of the SFO, Tsinlien Group Company Limited is deemed to be interested in the interest of Tianjin Investment in the Shares.

(4) Remy Concord Limited is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Pacifique Limited. Remy Cointreau Services S.A.S. is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Concord Limited. Remy Cointreau S.A. is entitled to exercise or control the exercise of all the voting power at general meetings of Remy Cointreau Services S.A.S.. Orpar S.A. is entitled to exercise or control the exercise of approximately 52.35% of the voting power at general meetings of Remy Cointreau S.A.. Andromede S.A. is entitled to exercise or control the exercise of approximately 78.11% of the voting power at general meetings of Orpar S.A.. By virtue of Part XV of the SFO, each of Remy Concord Limited, Remy Cointreau Services S.A.S., Remy Cointreau S.A., Orpar S.A. and Andromede S.A. is deemed to be interested in the Shares held by Remy Pacifique Limited.

Except as set out above, as at 30 June 2009, no person, not being a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Shares of the Company

There was no purchases, sale or redemptions of the Company's Shares by the Company or any of its subsidiaries during the financial period under review.

Corporate Governance

The Company is committed to fulfilling its responsibilities to shareholders and protecting and enhancing shareholder value through solid corporate governance. It devotes considerable efforts in identifying and formalising best practices. It also exerts it best to ensure optimum transparency and the best quality of disclosures. The Board has been and will continue to uphold the appropriate standards of corporate governance within the Group, thereby ensuring all businesses are 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.

Throughout the financial period under review, basically as previously mentioned in our 2008 annual report, none of the Directors was aware of information that would reasonably indicate that the Company was not in compliance with the Code on Corporate Governance Practices (the "Code") 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. All Directors had confirmed, following enquiry by the Company, that they had complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2009.

By order of the Board
Mr. Bai Zhisheng
Chairman

Hong Kong, 26 August 2009

Financial Section

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF DYNASTY FINE WINES GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 20 to 36, which comprises the condensed consolidated balance sheet of Dynasty Fine Wines Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2009

Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June 2009 HK$'000	2008 HK$'000
Revenue	6	**687,400**	725,247
Cost of sales		**(345,044)**	(337,977)
Gross profit		**342,356**	387,270
Other income	6	**15,565**	17,217
Distribution costs		**(185,696)**	(194,120)
Administrative expenses		**(40,586)**	(44,390)
Operating profit	7	**131,639**	165,977
Share of (loss)/profit of an associate		**(250)**	37
Profit before income tax		**131,389**	166,014
Income tax expense	8	**(33,931)**	(45,118)
Profit for the period		**97,458**	120,896
Attributable to:			
Equity holders of the Company		**96,796**	120,067
Minority interests		**662**	829
		97,458	120,896
Dividends	9	**34,860**	43,575
		HK cents	HK cents
Earnings per share			
— Basic and diluted earnings per share	10	**7.8**	9.6

The Notes on pages 25 to 36 are an integral part of these condensed financial information.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2009 **HK$'000**	2008 HK$'000
Profit for the period	**97,458**	120,896
Other comprehensive income		
Currency translation differences	**79**	87,943
Total comprehensive income for the period	**97,537**	208,839
Total comprehensive income attributable to:		
Equity holders of the Company	**96,875**	205,907
Minority interests	**662**	2,932
	97,537	208,839

The Notes on pages 25 to 36 are an integral part of these condensed financial information.

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2009 Unaudited HK$'000	As at 31 December 2008 Audited HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**445,970**	440,302
Land use rights		**62,985**	63,787
Goodwill		**9,421**	9,421
Investment in an associate	12	**12,986**	13,237
		531,362	526,747
Current assets			
Trade receivables	13	**110,339**	84,093
Other receivables, deposits and prepayments		**31,385**	80,692
Inventories		**454,150**	462,655
Short-term deposits with maturity over three months		**371,291**	—
Restricted cash	16	**59,297**	—
Cash and cash equivalents		**556,073**	999,006
		1,582,535	1,626,446
Total assets		**2,113,897**	2,153,193
EQUITY			
Capital and reserves attributable to the equity holders of the Company:			
Share capital	14	**124,500**	124,500
Other reserves	15	**1,147,864**	1,172,589
Retained earnings		**529,727**	431,782
		1,802,091	1,728,871
Minority interests in equity		**24,825**	35,501
Total equity		**1,826,916**	1,764,372
LIABILITIES			
Non-current liabilities			
Financial liabilities at fair value through profit or loss	16	**11,746**	—
Current liabilities			
Trade payables	17	**47,667**	89,015
Other payables and accruals		**158,786**	274,905
Financial liabilities at fair value through profit or loss	16	**47,551**	—
Current income tax liabilities		**21,231**	24,901
		275,235	388,821
Total liabilities		**286,981**	388,821
Total equity and liabilities		**2,113,897**	2,153,193
Net current assets		**1,307,300**	1,237,625
Total assets less current liabilities		**1,838,662**	1,764,372

The Notes on pages 25 to 36 are an integral part of these condensed financial information.

Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company				
		Share capital	Other reserves	Retained earnings	Minority interests	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2008		124,500	1,115,891	320,225	32,616	1,593,232
Profit for the period		—	—	120,067	829	120,896
Currency translation differences	15	—	85,840	—	2,103	87,943
Total comprehensive income for the period ended 30 June 2008		—	85,840	120,067	2,932	208,839
Share options scheme	15	—	592	—	—	592
Transfers	15	—	(1,092)	1,092	—	—
Dividends	9	—	—	(14,940)	—	(14,940)
Balance at 30 June 2008		124,500	1,201,231	426,444	35,548	1,787,723
Balance at 1 January 2009		124,500	1,172,589	431,782	35,501	1,764,372
Profit for the period		—	—	96,796	662	97,458
Currency translation differences	15	—	79	—	—	79
Total comprehensive income for the period ended 30 June 2009		—	79	96,796	662	97,537
Transfers	15	—	(1,149)	1,149	—	—
Reduction of capital of non-wholly owned subsidiary		—	—	—	(11,338)	(11,338)
Dividends	9	—	(23,655)	—	—	(23,655)
Balance at 30 June 2009		124,500	1,147,864	529,727	24,825	1,826,916

The Notes on pages 25 to 36 are an integral part of these condensed financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Net cash (used in)/generated from:		
— operating activities	**(21,521)**	176,250
— investing activities	**(397,836)**	(57,017)
— financing activities	**(23,655)**	(14,940)
Net (decrease)/increase in cash and cash equivalents	**(443,012)**	104,293
Cash and cash equivalents at 1 January	**999,006**	830,346
Changes in exchange rate	**79**	33,363
Cash and cash equivalents at 30 June	**556,073**	968,002
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	**556,073**	968,002

The Notes on pages 25 to 36 are an integral part of these condensed financial information.

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 hereinafter collectively referred to as the Group.

The Group produces 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 Suite 5506, 55/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The condensed consolidated financial information were approved for issue on 26 August 2009.

2 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated financial information 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 consolidated financial information should be read in conjunction with the Company's 2008 annual financial statements.

The accounting policies of computation used in the preparation of these condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2008, except for the adoption of the following new standards and amendments to standards which are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

2 Basis of Preparation and Accounting Policies (continued)

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the key management team that makes strategic decisions. Goodwill is allocated by management to groups of cash-generating units on a segment level. The adoption of this standard does not have a material impact on the Group's financial statements.

- HKFRS 2 (Amendment), 'Share-based payment'. The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of this amendment does not have a material impact on the Group's financial statements.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 December 2009.

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 2008.

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 information are consistent with those used in the annual financial statements for the year ended 31 December 2008.

5 Segment Information

The chief operating decision-maker has been identified as the key management team including executive directors. In accordance with the Group's internal reporting, management has determined the operating segments to be red wines and white wines.

Other products sold by the Group include sparkling wines, brandy and icewine. These sales have not been included within the reportable operating segments, as they are not included within the reports provided to the key management team.

The key management team assesses the performance of the operating segments based on gross profit, which excludes the effects of tax, depreciation and amortisation and non-recurring expenditure from the operating segments. Other income, distribution costs and administrative expenses are also not included in management's assessment of the performance of the operating segments.

All revenue of the Group are from external customers.

5 Segment Information (continued)

	Unaudited			
	Red wines HK$'000	White wines HK$'000	All other products HK$'000	Total group HK$'000
Six months ended 30 June 2009				
Revenue	569,178	115,745	2,477	687,400
Gross profit	297,114	44,586	656	342,356
Unallocated items:				
Depreciation and amortisation	—	—	—	(21,681)
Interest income	—	—	—	6,121
Share of loss of an associate	—	—	—	(250)
Income tax expense	—	—	—	(33,931)
Six months ended 30 June 2008				
Revenue	650,104	72,680	2,463	725,247
Gross profit	355,439	30,867	964	387,270
Unallocated items:				
Depreciation and amortisation	—	—	—	(23,357)
Interest income	—	—	—	11,490
Share of profit of an associate	—	—	—	37
Income tax expense	—	—	—	(45,118)

Measurement of total segment assets and reconciliation to total assets are not disclosed as key management team does not assess performance of reportable segments using information on assets.

5 Segment Information (continued)

A reconciliation of total segment gross profit to total profit before income tax is provided as follows:

	Unaudited Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Gross profit for reportable segments	**342,356**	387,270
Other income	**15,565**	17,217
Distribution costs	**(185,696)**	(194,120)
Administrative expenses	**(40,586)**	(44,390)
Operating profit	**131,639**	165,977
Share of (loss)/profit of an associate	**(250)**	37
Profit before income tax	**131,389**	166,014

6 Revenue and Other Income

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

	Unaudited Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Revenue		
Manufacturing and sale of wine products	**687,400**	725,247
Other income		
Interest income	**6,121**	11,490
Government grant	**9,444**	5,727
	15,565	17,217
Total revenue and other income	**702,965**	742,464

7 Operating Profit

Operating profit is stated after charging:

	Unaudited Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Employee costs comprising:		
— salaries, other allowance and benefits	**32,308**	29,455
— contributions to retirement benefits scheme	**4,254**	3,922
— share-based payments	**—**	592
Total employee costs including directors' emoluments	**36,562**	33,969
Depreciation	**20,879**	22,513
Amortisation	**802**	844
Operating lease rentals in respect of:		
— transformation station	**1,224**	1,189
— office premises	**1,131**	1,131

8 Income Tax Expense

	Unaudited Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Current income tax:		
— PRC income tax for the period	**34,770**	44,879
— withholding tax	**—**	239
— over-provision in previous year	**(839)**	—
	33,931	45,118

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 25% (2008: 25%).

9 Dividends

	Unaudited Six months ended 30 June 2009 HK$'000	2008 HK$'000
2008 final paid, of HK1.9 cents (2007 final paid, of HK1.2 cents) per ordinary share	**23,655**	14,940
2009 interim declared of HK2.8 cents (2008: HK3.5 cents) per ordinary share (Note)	**34,860**	43,575
	58,515	58,515

Note: On 26 August 2009, the board of directors declared an interim dividend of HK2.8 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 share premium for the year ending 31 December 2009.

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$96,796,000 (2008: HK$120,067,000) and the weighted average number of 1,245,000,000 shares in issue during the six months to 30 June 2009 (2008: As for 2009).

There is no dilutive potential share for the period ended 30 June 2009 (2008: As for 2009).

11 Capital Expenditure

During the six months ended 30 June 2009, the Group acquired plant and equipment amounting to approximately HK$27 million (2008: HK$70 million).

12 Investment in an Associate

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Share of net assets	**12,986**	13,237

13 Trade Receivables

The Group grants a credit period of 30 to 180 days to its customers. The aging analysis of the trade receivables is as follows:

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Below 30 days	**45,104**	58,283
30 to 90 days	**56,019**	17,085
91 to 180 days	**2,463**	6,800
Over 180 days	**7,075**	2,247
	110,661	84,415
Less: Provision for impairment	**(322)**	(322)
	110,339	84,093

14 Share Capital

	Number of ordinary shares of HK$0.1 each	**Share capital** HK$'000
Authorised:		
As at 30 June 2009 and 31 December 2008	3,000,000,000	300,000
Issued and paid up:		
As at 30 June 2009 and 31 December 2008	1,245,000,000	124,500

Share options scheme

Pursuant to the resolution of the equity holders of the Company on 6 December 2004, a share option scheme (the "Scheme") was approved and adopted.

Under the Scheme, the directors may, at their discretion, grant to any eligible person as defined under the Scheme to take up options to subscribe for shares of the Company at a subscription price to be determined by the directors pursuant to the relevant listing rules. The maximum number of shares issuable upon the exercise of all outstanding options to be granted under the Scheme must not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share options schemes of the Company shall not exceed 120 million shares, being 10% of the total number of shares in issue as at the date of listing of the Company's shares unless separate approval is obtained.

14 Share Capital (continued)

Share options scheme (continued)

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Particulars and movements of the share options are as follows:

	Date of grant	Exercise price HK$	Outstanding as at 1 January 2009	Options granted/ (lapsed)	Outstanding as at 30 June 2009
Options granted to Directors, other than the independent non-executive directors	27 January 2005	3	7,850,000	(2,850,000)	5,000,000
	1 November 2006	3	1,200,000	—	1,200,000
	27 August 2007	3	150,000	(150,000)	—
			9,200,000	(3,000,000)	6,200,000
Options granted to independent non-executive directors	16 January 2008	2.91	1,500,000	—	1,500,000
Options granted to employees	27 January 2005	3	6,200,000	—	6,200,000
	1 November 2006	3	500,000	—	500,000
			6,700,000	—	6,700,000
Total			17,400,000	(3,000,000)	14,400,000

15 Other Reserves

	Unaudited						
	Share premium (Note i) HK$'000	Merger reserve (Note ii) HK$'000	Employee share-based compensation reserve HK$'000	Reserve fund (Note iii) HK$'000	Enterprise expansion reserve (Note iii) HK$'000	Exchange reserve HK$'000	Total HK$'000
As at 1 January 2008	689,518	74,519	7,661	95,087	94,375	154,731	1,115,891
Share-based payments	—	—	592	—	—	—	592
Transfers	—	—	(1,092)	—	—	—	(1,092)
Currency translation differences	—	—	—	—	—	85,840	85,840
As at 30 June 2008	689,518	74,519	7,161	95,087	94,375	240,571	1,201,231
As at 1 January 2009	645,943	74,519	6,664	113,258	94,375	237,830	1,172,589
Transfers	—	—	(1,149)	—	—	—	(1,149)
Dividends	(23,655)	—	—	—	—	—	(23,655)
Currency translation differences	—	—	—	—	—	79	79
As at 30 June 2009	622,288	74,519	5,515	113,258	94,375	237,909	1,147,864

15 Other Reserves (continued)

Notes:

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(ii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries that were acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation.

(iii) Reserve fund and enterprise expansion reserve

According to the Articles of Association of the Group's subsidiaries established in the PRC, a percentage of net profit as reported in the PRC statutory financial statements should be transferred to reserve fund and enterprise expansion reserve. The percentage of appropriation may be determined at the discretion of the board of directors of the respective subsidiaries. The reserve fund can be used to set off accumulated losses whilst the enterprise expansion reserve can be used for expansion of production facilities or increase in registered capital.

16 Financial Liabilities at Fair Value through Profit or Loss and Related Restricted Cash

On 9 April 2009, Sino-French Joint Venture Dynasty Winery Ltd ("Dynasty Tianjin"), a wholly owned subsidiary of the Company, entered into two contracts whereby, Dynasty Tianjin transferred its income receiving right attached to some specially made wine aged in oak barrels to a state owned trust company ("Trust Company") for a consideration of about Rmb 42 million (maturity of 182 days) and Rmb 10 million (maturity of 547 days), respectively. Upon maturity of the contracts, the Trust Company on behalf of its underlying customers can select either cash settlement with fixed rate of interest or physical delivery of the wine at a predetermined price.

Since these contracts have cash settlement option and have underlying values which changes in response to market interest rate and price of the wine. As such, they are accounted for as financial liabilities carried at fair value through profit or loss.

As part of the arrangement above, Dynasty Tianjin is required to pledge the total consideration received of Rmb 52 million to the Trust Company as security to the two contracts. The amounts are restricted until the respective maturity of the contracts.

17 Trade Payables

The aging analysis of the trade payables is as follows:

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Below 30 days	**43,746**	77,545
30 to 90 days	**—**	2,003
91 to 180 days	**2,037**	7,582
Over 180 days	**1,884**	1,885
	47,667	89,015

18 Operating Lease Commitments

At 30 June 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Transformation station		
— Not later than one year	**2,449**	2,376
— Later than one year but not later than five years	**204**	1,386
	2,653	3,762
Office premises		
— Not later than one year	**2,262**	2,262
— Later than one year but not later than five years	**188**	1,319
	2,450	3,581

19 Capital Commitments

At 30 June 2009, the Group had capital expenditure commitments related to purchase of plant and equipment:

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Authorised but not contracted for	**94,027**	109,383
Contracted but not provided for	**21,916**	22,237
	115,943	131,620

20 Related Party Transactions

The following is a summary of significant related party transactions during the period which in the opinion of the directors were conducted in the normal course of the Group's business:

	Unaudited Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Purchase of unprocessed wine from an associate	**21,322**	40,973
Key management compensation:		
— Salaries and other short-term employee benefits	**3,226**	3,035
— Other long-term benefits	**264**	257
— Share-based payments	**—**	16
	3,490	3,308

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
Balance of advance for unprocessed wine due to an associate (Note)	**2,834**	15,884

Note: The advance for purchase of unprocessed wine was trade in nature, non-interest bearing and had no fixed repayment terms, the balance is included in other receivables, deposits and prepayments.

Red Wine
紅葡萄酒

- Dynasty Merlot Dry Red Wine Reserve
  王朝梅鹿輒乾紅葡萄酒
- Dynasty Dry Red Wine — Aged in Oak Barrels
  王朝木桶陳釀乾紅葡萄酒
- Dynasty Merlot Dry Red Wine
  王朝整桶乾紅葡萄酒 — 梅鹿輒
- Dynasty Dry Red Wine
  王朝乾紅葡萄酒

White Wine
白葡萄酒

- Dynasty Chardonnay Dry White Wine
  王朝霞多麗乾白葡萄酒
- Dynasty Medium Dry White Wine
  王朝半乾白葡萄酒
- Dynasty Extra Dry White Wine
  王朝乾白葡萄酒

Icewine
冰酒

- Dynasty 5-star Icewine Reserve
  王朝五星級窖藏冰葡萄酒

Sparkling Wine
起泡葡萄酒

- Dynasty Sparkling Wine (Second Fermentation in bottle)
  王朝工藝瓶式起泡葡萄酒
- Dynasty Sparkling Wine — Muscat
  王朝起泡葡萄酒 — 玫瑰香

Brandy
白蘭地

- Dynasty Fine Brandy —XO
  王朝XO白蘭地
- Dynasty Fine Brandy — V.S.O.P.
  王朝V.S.O.P. 白蘭地

Selections
(available in Hong Kong only)
精選產品
(於香港發售)

- Royal Selection — Dynasty Cabernet Sauvignon Reserve 2006
  皇族系列 — 王朝2006年珍藏赤霞珠
- Royal Selection — Dynasty Cabernet Sauvignon 2006
  皇族系列 — 王朝2006年赤霞珠
- Dynasty Chardonnay Reserve 2006
  王朝2006年珍藏霞多麗
- Dynasty Chardonnay 2007
  王朝2007年霞多麗

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