

**DYNASTY FINE WINES GROUP LTD:  
NICE GOING, GUYS!**

After about one quarter of a century, Dynasty Fine Wines Group Ltd (Code: 828, Main Board, The Stock Exchange of Hongkong Ltd) appears to have arrived – as a money-spinner, at least.

As well as being a very nice ‘*cash cow*’ for its Executive Directors.

The Consolidated Profit and Loss Account for the Financial Year, ended December 31, 2004, shows that, on a Turnover of about 852.91 million renminbi, the Company recorded a Net Profit Attributable to Shareholders of about 175.91 million renminbi\*.

It had been a record-breaking Year for this Company, which claims to be the second-largest, grape wine producer in the People’s Republic of China (PRC).

The Company was formed in 1980 and, although the wines, some 57 different kinds (33 red wines and 24 white wines), may not appeal to all tastes, especially outside the PRC, proper, nevertheless, this Company, today, is a winner as far as its market is concerned.

The following is a summary of the financial results of the past 4 Financial Years:

	Financial Year, Ended December 31			
	2004	2003	2002	2001
	<b>All Figures Are Denominated In Renminbi’000</b>			
Turnover	852,907	708,571	730,500	622,302
Profit Before Taxation	237,084	170,380	165,908	151,157
Taxation	(60,618)	(46,006)	(45,029)	(35,971)
Profit After Taxation	176,466	124,374	120,879	115,186
Minority Interests	(553)	19	Nil	Nil
Profit Attributable to Shareholders	175,913	124,393	120,879	115,186
Dividends Paid	78,800	78,805	76,142	70,636

**TARGET** notes that, during the above 4-Year period, dividends have always been declared and paid, but the dividend payout, as a percentage of the Net Profit Attributable to Shareholders, was markedly lower in the Company’s 2004-Year, which was the final Year that the company was a privately owned corporate entity.

The following are **TARGET**’s calculations in respect of the dividend payout ratio, expressed as a percentage of the Net Profit Attributable to Shareholders:

	Financial Year, Ended December 31			
	2004	2003	2002	2001
	<b>All Figures Are Denominated In Renminbi’000</b> (except where otherwise specified)			
Net Profit Attributable to Shareholders	175,913	124,393	120,879	115,186
Dividend Paid	78,800	78,805	76,142	70,636
Dividends Paid as a Percentage of The Net Profit Attributable to Shareholders	44.79 percent	63.35 percent	62.99 percent	61.32 percent

When Dynasty Fine Wines went public on the Main Board of The Stock Exchange of Hongkong Ltd on January 17, 2005, it was stated at Page 122 of the Placing and Public Offer Prospectus that ‘*the board of directors of*

*Dynasty currently intends to recommend at the relevant shareholders meeting an annual dividend of approximately 30% to 50% of the net profit available for distribution to the Shareholders in foreseeable future.'*

It is noted that, in the financial years, leading up to the flotation on The Stock Exchange of Hongkong Ltd, the dividend payout ratio was, always, in excess of 60 percent.

Thus, it is clear that it was, always, the intention of the senior management of the Company to reduce the dividend payout ratio as a percentage of the Net Profit Attributable to Shareholders as soon as it achieved a public status.

There was a good reason for this determination as **TARGET** Subscribers will appreciate, no doubt, prior to them reaching the end of this report.

### **The Float**

Dynasty Fine Wines Offered a total of 300 million, one-cent Shares at a Premium of \$HK2.24 per Share.

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