

To: Business Editor



TONTINE

TONTINE WINES ANNOUNCES PROGRESS IN THE PROPOSED ACQUISITION OF GINSENG BUSINESS

23 November 2021 -- China Tontine Wines Group Limited (“Tontine Wines” or “the Group”, stock code: 0389) announced the on-site due diligence inspection on the Target Group, which comprises Sino Trend International Limited (the “Target Company”) and its subsidiaries revealed that the quality of the ginseng planted by the Target Group was “better than satisfactory”. The proposed acquisition, if completed, will provide the Group with a secured source of ginseng, which will help consolidate the Group’s presence in the ginseng wine market.

In early November, Tontine Wines announced the entering into an agreement with Mr. Yu Xinxin (“Vendor”) in relation to the acquisition (“Acquisition”) of the entire issued share capital of the Target Company for the consideration of HK\$40,260,000 through the allotment and issue of consideration shares (“Consideration Shares”). The Target Group is principally engaged in ginseng planting in leased farm land in Tonghua City and primary processing services of agricultural products. Upon completion of the Acquisition, the Target Group will act as the Group’s supplier of ginseng, providing a secured source of ginseng as core raw materials of over a million of bottles of ginseng wine as anticipated by the Group.

“The Acquisition will enable the Group to speed up its expansion of the ginseng wine market. The ginseng has already been planted for two years by the Target Group, which would shorten the harvest period. Moreover, the Vendor is a ginseng merchant and has sufficient experience in planting ginseng, and hence we are confident in the quality of their ginseng, which is confirmed by the results of our on-site due diligence inspection. On top of this, the farm land (“Farm Land”) leased by the Target Group with an area of approximately 203,200 sq.m. has a remaining term of over 10 years, which is rare in Tonghua City and is therefore valuable,” said Mr. Wang Guangyuan, chairman of the Company.

The Consideration Shares, totalling 402,600,000 shares, will be issued in three batches and the third batch is subject to a lock-up period of not less than one year to protect the Company’s interest as it serves as a guarantee from the Vendor in favour of the Company that the value of the ginseng from the Farm Land would be not be less than RMB60 million at the time of October 2024.

“The management believes the payment by way of issuing Consideration Shares is in the interests of the Company and its shareholders as a whole. Such a way allow us to strengthen our shareholder base by introducing the Vendor, who possesses sufficient experience in ginseng planting and strong connection in the ginseng industry, as a shareholder of the Company. Moreover, the Group could also maintain its cash and bank balances position for the general working capital and the operations of the Group,” Mr. Wang added.

About China Tontine Wines Group Limited

China Tontine Wines Group Limited is one of the leading sweet wine producers in China. Unique taste, premium quality and top-notch operation earn the Group numerous awards. For instance, the Group’s “Minus Nine Degrees • Tongtian White Ice Wine 2016 (Vidal) won a Silver Award at the world-renowned wine competition -- IWSC (International Wine & Spirits Competition), with a high score of 90 points; and Snow Aromatic Organic Mountain Wine won a Gold Award at the Spring

Edition of the 13th International PAR Organic Wine Award (2021) with an outstanding score of 93 points, which was the highest score in the Gold Award Category in the China region.

The exceptional quality of Tontine Wines' products is much attributable to the Group's commitment to quality assurance and its grape supply from Ji'an city in Jilin Province, one of the few regions in the world that can cultivate the unique mountain grapes. The Group is dedicated to diversify its product portfolio and will continue to explore and develop niche markets, to cater to the ever changing consumer demands. The Group currently offers 118 types of wine products sold through 90 distributors in 20 provinces, 3 autonomous regions and 4 direct-controlled municipal cities in China. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited since November 2009.

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