

To: Business Editor



TONTINE

Tontine Wines Reports a Half-year Revenue of RMB67,651,000 And Resumes Profitability YoY

31 August 2022 – China Tontine Wines Group Limited (“Tontine Wines” or the “Company”, stock code: 0389, together with its subsidiaries the “Group”), one of the leading sweet wine producers in China, announced that for the six months ended 30 June 2022 (the “Period under Review”), the Group’s total revenue amounted to RMB67,651,000, representing a year-on-year increase of approximately 4.9 per cent. The profit and total comprehensive income for the period amounted to RMB4,474,000, as compared to a loss in the corresponding period of 2021. The Company’s basic earnings per share amounted to RMB0.01 cent (2021 corresponding period: basic loss per share of RMB0.39 cent).

During the Period under Review, the gross profit of the Group amounted to RMB23,259,000, representing an increase of 28.4 per cent year-on-year. During the Period under Review, the Group achieved an overall gross profit margin of 34.4 per cent, an increase of 6.3 percentage points year-on-year. The surge was mainly attributable to higher proportion of contribution from sales of dry wine and other wine products with higher gross profit margins.

During the Period under Review, the performance of the Group’s dry wine, brandy and other wine products improved significantly on a year-on-year basis. Dry wine and sweet wine remained the major contributors of the Group’s sales revenue, accounting for an aggregate of 85.1 per cent of the Group’s total revenue. For the six months ended 30 June 2022, the Group’s sales revenue from dry wine products amounted to RMB34,957,000, accounting for 51.7 per cent of the Group’s total revenue. The Group’s sales revenue from sweet wine products amounted to RMB22,566,000, accounting for 33.4 per cent of its total revenue. The Group’s sales revenue from brandy amounted to RMB3,275,000, accounting for 4.8 per cent of its total revenue. The Group’s other wine products include high-end ice wines and Chinese liquor (Yaaru Liquor (雅羅白)) and the newly launched ginseng wine products with healthcare benefits developed by the Company. During the Period under Review, the sales revenue of other products amounted to RMB6,853,000, accounting for 10.1 per cent of the Group’s total revenue. With the lingering of the pandemic and the increasing health consciousness of consumers, the healthcare-oriented lifestyle economy is expected to be a new “Blue Ocean” in the future with huge consumption potential. The Group, therefore, seized the opportunity and launched a new ginseng wine product in 2021.

During the Period under Review, the output of all categories of products manufactured by the two production bases of the Group located in Tonghua, Jilin Province and Baiyanghe, Shandong Province reached a total of 2,349 tonnes. Among the total, the output of the Tonghua production

base was 966 tonnes, decreased by 26.4 per cent year-on-year. The decline in output was caused by disruption to production activities and freight shipments resulting from local lockdown measures at the Tonghua base, due to pandemic outbreak in certain regions in Jilin Province in the first half of the year. The output of the Baiyanghe base reached 1,383 tonnes, increased by approximately 25.6 per cent year-on-year, and partially offsetting the impact of the decline in output from Tonghua base.

During the Period under Review, the Group actively deepened its cooperation with various platforms. Through detailed planning, the Group gradually implemented strategic cooperation with renowned enterprises such as AntChain, 58 Youpin (58 優品) and Ji Yao Fang Zhou. Moreover, the Group established Tontine Partner (Beijing) Wines Company Limited (通天知己(北京)酒業有限公司) (“Tontine Partner”) with café chain Partner Coffee, an up-and-coming player of office coffee chain, in 2022. Tontine Partner is a 51 per cent-owned subsidiary of the Group. The Group plans to operate pub chain project together with Partner Coffee by leveraging its experience in developing the business model of online and offline salons.

Looking ahead, Mr. Wang Guangyuan, the chairman of Tontine Wines, noted: “With rising national health awareness in recent years, the One Health industry is becoming an upcoming trend. The Group has taken the initiative to seize the opportunity by developing products with healthcare benefits to grasp business opportunities in related fields. The Group has promptly adjusted its marketing strategies to cope with changes in consumption scenarios brought along by the pandemic. By cooperating with a number of new leisure and social platforms, the Group has successfully constructed “online+offline” three-dimensional consumption scenarios, to better meet the needs of the new generation consumers and self-drinking consumption. In addition to online sales and social platforms, the Group also attempts to tap consumer groups directly, through its strategic cooperation with café chain Partner Coffee. The cooperation signifies an important step for the Group’s downstream vertical integration.”

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. Tontine Wines’ “Yaaru Valley No.1·Tontine White Ice Wine” and “Yaaru Valley No.1·Tontine Red Ice Wine” respectively won the Gold medal and the Silver medal of Premium Wine of 2021 China Fine Wine Challenge. The outstanding achievements of the Group in the industry were also recognized by the capital market. In December 2021, the Group won the “Listed Company Awards of Excellence 2021” organised by Hong Kong Economic Journal, a Hong Kong-based Chinese financial newspaper. The award was a recognition of the comprehensive strength of the Group.

The exceptional quality of Tontine Wines' products is 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 123 types of wine products sold through 87 distributors in 20 provinces, 3 autonomous regions and 2 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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(Attached: Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended 30 June 2022)

China Tontine Wines Group Limited
(Stock code: 0389)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six Months Ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	67,651	64,492
Cost of sales	(44,392)	(46,375)
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Gross profit	23,259	18,117
Other income, gains and losses	23	(1,094)
Selling and distribution expenses	(5,151)	(4,802)
Administrative and other operating expenses	(18,510)	(18,563)
Change in fair value of biological assets	4,916	1,555
Change in fair value of convertible bonds	–	(1,585)
Finance costs	(63)	(89)
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Profit (loss) before tax	4,474	(6,461)
Income tax expense	–	–
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Profit (loss) and total comprehensive income (expense) for the period	4,474	(6,461)
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Profit (loss) and total comprehensive income (expense) for the period attributable to:		
Owners of the Company	407	(7,908)
Non-controlling interests	4,067	1,447
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	4,474	(6,461)
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Earnings (loss) per share		
Basic (RMB cent)	0.01	(0.39)
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Diluted (RMB cent)	0.01	(0.39)
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